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Wheat Situation

Economics, Statistics,
and Cooperatives Service

U.S. Department of
Agriculture

WS-247

FEBRUARY
1979

TABLE 1--WHEAT: MARKETING YEAR SUPPLY, DISAPPEARANCE, AREA AND PRICES, 1974-78*

YEAR BEGINNING JUNE 1	SUPPLY: BEGINNING STOCKS	SUPPLY: PRODUCTION	SUPPLY: IMPORTS 1/	SUPPLY: TOTAL	DISAPPEARANCE: DOMESTIC USE: FOOD 2/	DISAPPEARANCE: DOMESTIC USE: ALC. BEVERAGES	DISAPPEARANCE: DOMESTIC USE: SEED	DISAPPEARANCE: DOMESTIC USE: FEED 3/	DISAPPEARANCE: DOMESTIC USE: TOTAL	DISAPPEARANCE: EXPORTS 1/	DISAPPEARANCE: TOTAL DISAPPEARANCE	ENDING STOCKS MAY 31: GOVT. OWNED 4/	ENDING STOCKS MAY 31: PRIVATELY OWNED 5/	ENDING STOCKS MAY 31: TOTAL
	MILLION BUSHELS													
1974/75	340.1	1,781.9	3.4	2,125.3	540.8	6/	92.0	39.1	671.9	1,018.5	1,690.4	---	435.0	435.0
1975/76	435.0	2,122.5	2.4	2,559.8	587.5	0.1	99.0	35.1	721.7	1,172.9	1,894.6	---	665.3	665.3
1976/77	665.3	2,142.4	2.7	2,810.3	588.0	0.1	92.0	68.4	748.6	949.5	1,698.1	---	1,112.2	1,112.2
1977/78 7/	1,112.2	2,036.3	1.9	3,150.5	586.5	0.1	80.0	183.3	849.9	1,123.9	1,973.8	45.7	1,131.0	1,176.7
1978/79 8/	1,176.7	1,798.7	2.0	2,978.0	590.0 (+,-5)	6/	84.0 (+,-5)	150.0 (+,-25)	824.0 (+,-30)	1,150.0 (+,-100)	1,974.0 (+,-125)	N.A.	N.A.	1,004.0 (+,-125)

YEAR BEGINNING JUNE 1	AREA: NAT. PROGRAM	AREA: SET-ASIDE	AREA: PLANTED	AREA: HARVESTED FOR GRAIN	YIELD: PER HARVESTED ACRE	AVERAGE PRICES: RECEIVED BY FARMERS	AVERAGE PRICES: CHICAGO NO. 2 SOFT RED WINTER	AVERAGE PRICES: KANS. CITY NO. 1 HARD RED WINTER, ORD. PROT.	AVERAGE PRICES: MINNEAPOLIS NO. 1 DARK N. SPRING, ORD. PROT.	GOVT. SUPPORT PROGRAM: NATIONAL AVG. LOAN RATE	GOVT. SUPPORT PROGRAM: TARGET PRICE	GOVT. SUPPORT PROGRAM: TOTAL PAYMENTS TO PARTICIPANTS
	MILLION ACRES				BUSHELS	DOLLARS PER BUSHEL						MIL. DOL.
1974/75	55.0	---	71.0	65.4	27.3	4.09	4.16	4.20	4.57	1.37	2.05	102
1975/76	53.5	---	74.8	69.4	30.6	3.56	3.54	3.74	3.74	1.37	2.05	51
1976/77	61.6	---	80.2	70.8	30.3	2.73	2.81	2.88	2.96	2.25	2.29	145
1977/78 7/	62.2	---	75.1	66.5	30.6	2.33	2.56	2.72	2.66	2.25	9/ 2.90	997
1978/79 8/	58.8	8.4	66.1	56.8	31.6	2.90-3.00				2.35	3.40	615

1/ IMPORTS AND EXPORTS INCLUDE FLOUR AND OTHER PRODUCTS EXPRESSED IN WHEAT EQUIVALENT. 2/ USED FOR FOOD IN THE UNITED STATES, U.S. TERRITORIES, AND BY THE MILITARY. 3/ RESIDUAL; APPROXIMATES FEED USE. 4/ UNCOMMITTED, GOVERNMENT ONLY. 5/ INCLUDES TOTAL LOANS. 6/ LESS THAN 50,000 BUSHELS. 7/ PRELIMINARY. 8/ PROJECTED, CHANCES ARE ABOUT 2 OUT OF 3 THAT THE OUTCOME WILL FALL WITHIN THE RANGES. 9/ UNPLANTED PORTION OF ALLOTMENT QUALIFIED FOR $2.47. N.A. = NOT AVAILABLE. *TOTALS MAY NOT ADD DUE TO ROUNDING.

THE WHEAT SITUATION

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SUMMARY

Wheat Prices May Ease with Slower Exports and Larger 1979 Plantings

An expected easing in export marketings, along with indications for a larger 1979 U.S. wheat crop, point to some weakening of wheat prices in coming months. Monthly average farm prices probably have already reached the season's high of about $3.00 per bushel, over 50 cents higher than a year ago.

Wheat prices have been under pressure from the record supplies of last year. However, until recently, exceptionally brisk exports, producers' slow marketing pace, the large farmer-owned wheat reserve, and prospects for reduced yearend stocks next May 31 supported prices. During June-December 1978, market prices rose to their highest level in 2 years.

Wheat growers, reacting to these higher price levels and improved planting conditions, increased their 1979 winter wheat acreage by 8 percent. Soft Red Winter seedings, though still less than in 1977, were up significantly and Hard Red Winter producers increased plantings around 4 percent. On January 1, spring wheat growers and Durum growers indicated they would increase 1979 planted acreage 2 and 3 percent, respectively. On balance, it appears that 1979 U.S. wheat production will be larger than last year's 1.8 billion bushels.

The 1978/79 wheat marketing season is well past the halfway mark and the record supplies of last year are beginning to dwindle. A smaller 1978 U.S. crop, the best export pace in several years, and domestic use about equal to last year's record will cause the first decline of ending wheat stocks in 5 years. Carryover on June 1 is expected to be about 1 billion bushels, with stocks in the farmer-owned reserve and owned by CCC totaling nearly half the carryover. Reserve stocks remain isolated from the market unless the average farm price exceeds $3.29 per bushel, which appears unlikely this year.

June-December 1978 wheat disappearance totaled over 1.3 billion bushels, 16 percent above a year earlier. All of the increase was due to the heaviest export loadings (over 800 million bushels) since the record shipments of 1973. Large shipments of U.S. wheat to China and the U.S. role as the major source of exportable wheat supplies were the principal factors behind the strong exports. The United States' share of world wheat

trade will decline for the next several months with the recovery of exportable supplies in the Southern Hemisphere. However, projected 1978/79 exports remain at 1,150 million bushels, slightly higher than a year ago.

The 1978 world wheat crop has been revised upward to a record 436 million metric tons following revised crop estimates for Europe, the USSR, Canada, and Australia. Total use is projected to increase only slightly, so yearend 1978/79 world wheat stocks will be up nearly 30 percent, with all the buildup in foreign stocks.

THE 1978/79 SITUATION

Midseason Wheat Stocks Decline: June-December Exports Up

January 1 wheat stocks totaled 1,631 million bushels, an 18-percent drop from a year earlier. Bread wheat stocks (Hard Red Winter and Hard Red Spring) were down 15 percent, while the supplies of pastry wheats (Soft Red Winter and White) declined over a third from last January. Only pasta wheat stocks (Durum) were up—by about 10 percent.

This year-to-year decline in total wheat inventory is the first midseason reduction since January 1974. On-farm stocks accounted for 50 percent of the total, compared with 42 percent a year ago. The increased role of farm stocks reflects the rise in farm storage capacity and heavy use of these facilities in the farmer-owned grain reserve program. By late January, the wheat stocks not readily available to the market included 50 million bushels owned by the Commodity Credit Corporation (CCC) and 405 million in the 3-year reserve program.

Because of a strong export pace, June-December wheat disappearance totaled over 1.3 billion bushels, only 35 million bushels off the record usage in 1973. Even with a moderate slowdown in January-May wheat use, yearend stocks are projected to decline for the first time in 5 years.

Wheat feed use had been expected to drop because last season's economic advantage for feeding wheat declined with advancing 1978 wheat prices and steady feed grain prices. However, apparent June-December feed use appears to be greater than anticipated.[1] Total 1978/79 feed use is expected to be about 80 percent of last year's 183 million bushels.

The June-December wheat mill grind was up 2 percent from the year-earlier level, mostly reflecting increased exports of flour. However, apparent domestic food use (mill grind less exports) shows a small increase for the period, because of increased bakery production. Total 1978/79 food disappearance is expected to slightly top the record 588-million-bushel level reached in 1975/76 and 1976/77.

[1] The wheat feeding estimate is a derived residual and has some inherent limitations. For a discussion, see page 5 of the November 1978 *Wheat Situation*.

Wheat: Supply and disappearance

Item	June-December 1977	June-December 1978
	Million bushels	
June 1 stocks	1,112	1,177
Production	2,036	1,799
Imports	1	1
Total supply[1]	3,150	2,977
Exports	607	802
Food	347	349
Seed	56	60
Feed	146	135
Total disappearance	1,156	1,346
January 1 stocks	1,994	1,631

[1] Totals may not add due to rounding.

Wheat Food Use Revised Upward

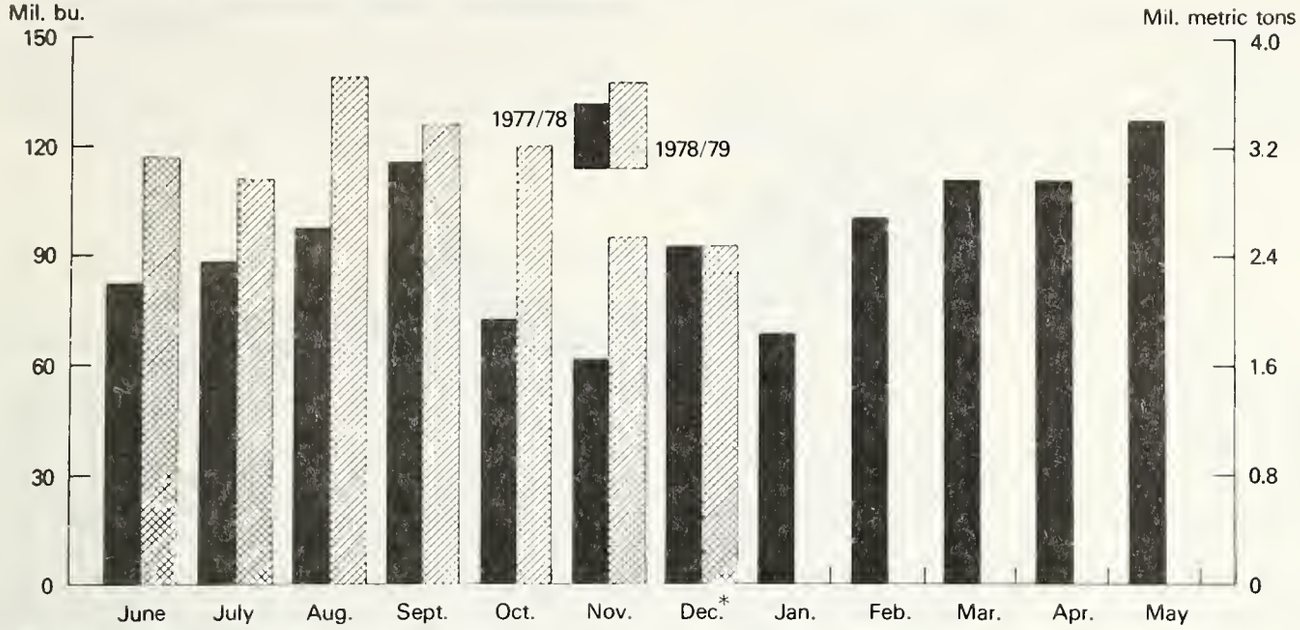
Recent major revisions in flour production data by the Bureau of Census have caused adjustments in food use estimates for the last 5 years (tables 1, 2, and 3). The revised Census data caused adjustments in wheat food use by as much as 35 million bushels in 1976 and lowered the feed use residuals accordingly. According to the Bureau, as of January 1977 the wheat flour/mill feed production data of "approximately six establishments" were added to their monthly production survey report. Based upon extensive reconciliation with the 1976 Survey of Manufactures, the discovery that six sizable flour mills had not been reporting monthly production data caused the revision.

Mill use data for 1973 through 1975 were not revised by Census, though these mills are known to have been operating during that period. Revised food use data for 1973 through 1975 in this report reflect ESCS estimates of the wheat used by the omitted mills.

Brisk Export Pace Expected To Slow

Wheat exports, moving at a near-record pace during June-December, totaled over 800 million bushels. This was nearly a third larger than last year and only 60

U.S. Wheat Exports By Months, Marketing Years 1977/78 and 1978/79



*1978/79 estimated Includes flour and products in wheat equivalent.

USDA

Neg. ESCS 31-79 (1)

million bushels short of the 1973 record—the year of heavy wheat shipments to the USSR. The main reasons for this early-season stepup in exports were the large shipments to China and the U.S. role as the major world wheat exporter due to reduced 1977/78 world production and stock levels. However, the U.S. share of the world wheat export market will decline over the next several months because larger harvests in major exporting countries have resulted in sharp recovery in exportable supplies in the Southern Hemisphere.

Projected 1978/79 U.S. exports remain at 1,150 million bushels, slightly above a year ago. As of mid-January, nearly 75 percent of this amount had already been shipped and another 15 percent was accounted for as outstanding sales.

Prospective export activity in coming months includes:

- U.S. sales from fiscal 1979 P.L. 480, programmed at around 140 million bushels.
- Possible sales activity with China.
- Possible further sales to the USSR.
- Wheat imports by Iran.

So far, this year's wheat exports by class indicate increased foreign sales of hard wheats relative to higher priced soft wheats. Among the hard bread wheats, foreign sales have been strong for high protein hard spring, a reflection of this year's unusual pricing situation. For more discussion on individual wheat classes, see "Wheat Outlook by Class" on page 8.

Wheat Prices Expected To Moderate

Wheat prices have been under the pressure of large supplies, but an exceptionally brisk export pace, slow liquidation by producers, a large farmer-owned reserve inventory, and prospects for reduced carryover stocks at yearend have supported June-December prices at much higher levels than a year ago (Table 4). However, prices may have already reached their highs for this season.

During coming months, two factors will have a price moderating influence: a slackening export pace and indications that 1979 wheat production may increase. Also affecting prices would be a decision and announcement in the near future whether the 177 million bushels of the 1978 crop under loan will be eligible to enter the farmer-owned reserve program as loans mature. Otherwise, these loans will have to be redeemed or forfeited to CCC.

January farm wheat prices eased from a season high of $3.04 per bushel in November but prices may continue near the $3.00 level through the winter. Thus, the wheat reserve release price of $3.29 per bushel will not

likely be a pricing factor during the remainder of 1978/79. The 1978/79 season average farm price is estimated at $2.90-$3.00 per bushel.

Deficiency Payments Bolster Farmer Incomes

Under the Food and Agriculture Act of 1977, deficiency payments are made to farmers who participate in Government crop programs when farm prices remain below the target price. This year's total payment is around $615 million, compared with $1.0 billion paid on the 1977 crop.

For 1978, eligible wheat growers (those who participated in the acreage set-aside program) received a deficiency payment of 52 cents per bushel. This payment represented the difference between the average wheat price received by farmers during June-October ($2.88 per bushel) and the $3.40 target price.

OUTLOOK FOR 1979/80

Early Outlook Suggests a Larger 1979 Wheat Crop

Preliminary indications point to reduced 1978-crop carryover and larger wheat production in 1979. Based on the winter wheat production forecast and increased planting intentions of spring wheat growers, total 1979/80 supplies could be between 2.8 and 3.1 billion bushels. As of December 1, 1978, winter wheat production for 1979 was estimated at 1.44 billion bushels but there are always uncertainties which remain until the crop is harvested. Analysis of past differences between the December and the final estimates indicate that the winter wheat crop should vary from the December forecast by less than 110 million bushels in 2 out of 3 years.

USDA's December Winter Wheat and Rye report indicated a major recovery of acreage seeded to Soft Red Winter but plantings were still below those that produced the record 1977 crop. The 1979 Soft Red output should increase over a third to around 275 million bushels—well below the 350 million bushels produced in 1977.

A surprisingly large jump of 105 million bushels in Hard Red Winter production was projected in the December report. A 7-percent increase in Kansas seedings and possible higher yields in Texas accounted for about three-quarters of the increased forecast.

Production of White winter wheat is expected to increase slightly due to larger acreages in the Pacific Northwest. The December report forecasts 1979 production at 227 million bushels, up from the 212 million produced in 1978.

While planting time for spring wheat is still several months away, producers' intentions as of January 1 were to seed 18.7 million acres, up 2 percent from 1978. North Dakota growers indicated some probable acreage shift by reducing spring wheat acreage intentions in favor of more Durum and sunflower acres.

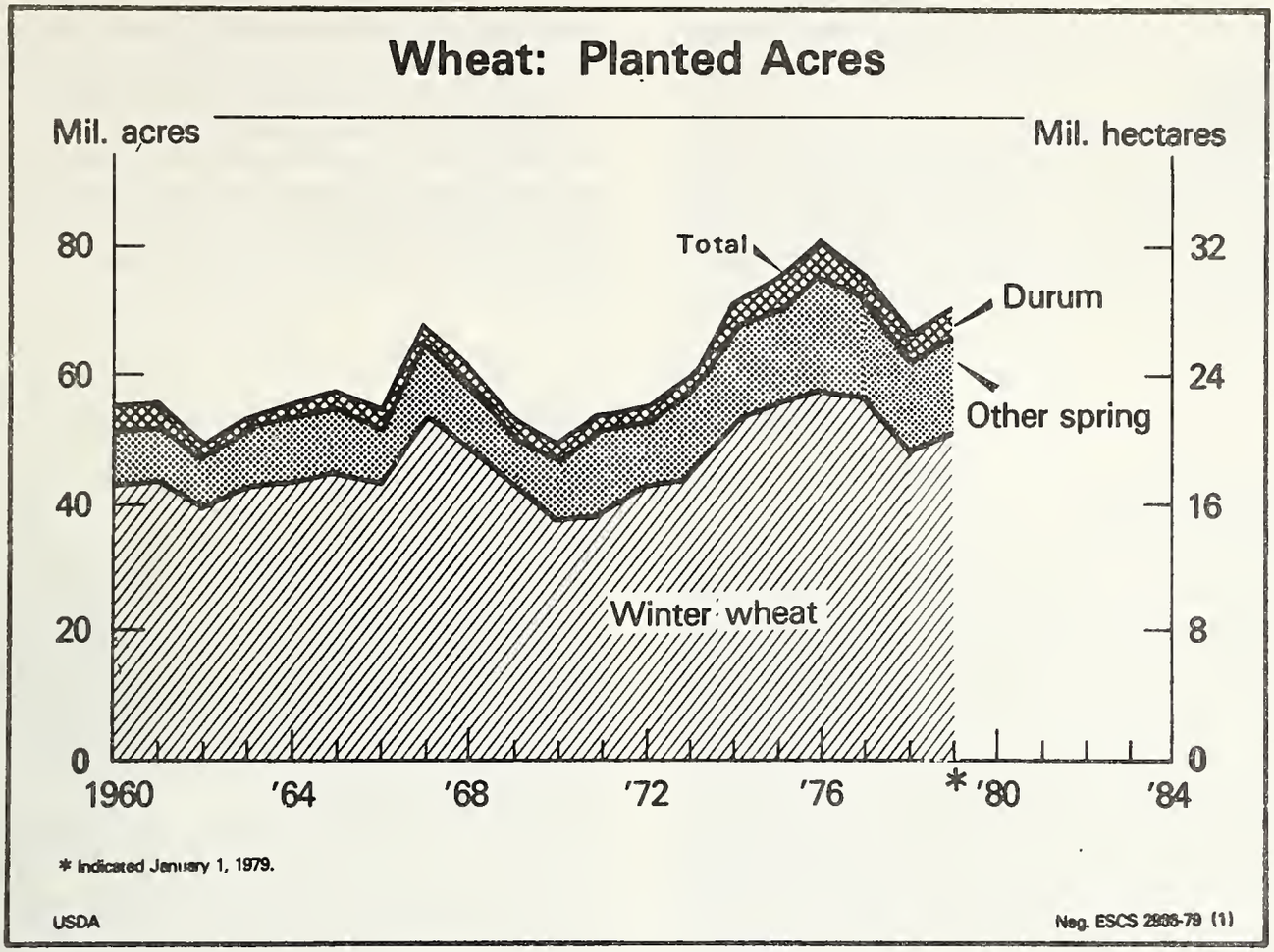
With larger U.S. wheat production a strong prospect for 1979, expanded demand will be required if current market prices are to be maintained. A small increase in domestic food use seems probable, but the demand outlook depends mostly on the world grain situation. With large wheat crops in most countries including other exporting countries during 1978/79, U.S. exports will weaken until mid-1979. After that, the outlook depends largely on the size of Northern Hemisphere wheat and coarse grain crops outside of the United States, particularly in the USSR, China, Europe, Canada, and India.

If U.S. exports in 1979/80 were to match the 1.15-billion-bushel level seen for this year, the season-average price could be close to 1978/79's estimated $2.90-$3.00 per bushel. However, the pattern of price movement for the coming marketing year will probably differ from that of 1978/79. During the early months of the 1978/79 season, the combination of a smaller U.S. crop, strong exports, and more on-farm storage resulted in a price pattern that did not show the usual harvesttime drop. Prospects for a slowing export pace continuing at least into the early part of 1979/80, and an increased 1979 crop, suggest a more normal seasonal decline during the 1979 summer harvest months.

1979 Wheat Program

Under the Food and Agriculture Act of 1977, a voluntary 20-percent setaside program has been established for the 1979 wheat crop. The basic requirement is that farmers set aside an acreage equal to 20 percent of their 1979 wheat plantings to be eligible for program benefits. Major program features are:

- 1979 crop acreage plus set-aside cannot exceed the normal crop acreage (NCA) which is defined as 1977 planted acreage of major crops: barley, field corn, sorghum, rice, wheat, upland cotton, oats, rye, soybeans, flax, dry edible beans, sunflower seeds, sugar beets, and sugar cane, plus any volunteer grain which was harvested. Cover or green manure crops are not included. However, additional NCA crops have been approved for some States. Adjustments may be made to a farm's NCA if there are unusual circumstances.
- Grazing of set-aside will be allowed for 6 months. County ASCS offices will designate the nongrazing period between February 28 and November 1. However, winter wheat and barley may be grazed as late as they normally are on acreage to be harvested for grain.



Wheat price support loan status, 1974-78 crops, as of January 24, 1979

Item	Crop of—					
	1974	1975	1976	1977	1978	Total
	Million bushels					
Placed under CCC loan	36	48	499	590	234	xxx
Redeemed by farmers. . .	36	48	234	388	57	xxx
Delivered to CCC	0	0	48	2	---	xxx
In reserve program	---	---	215	190	---	405
Loans outstanding.	0	0	2	10	177	189
Total in reserve and loans outstanding . .	0	0	217	200	177	594
	Dollars per bushel					
National average loan rate . .	1.37	1.37	2.25	2.25	2.35	
Prices received by farmers						
Season average.	4.09	3.56	2.73	2.33	2.90-3.00	
Range of monthly averages.	3.47-4.87	2.92-4.11	2.19-3.46	2.03-2.82	---	
Reserve "trigger" prices						
Release	xxx	xxx	xxx	3.15	3.29	
Call	xxx	xxx	xxx	3.94	4.11	

- Growers who choose not to participate will forfeit eligibility for the loan program and all other program benefits. Cross compliance is required for all set-aside crops grown.
- Target price payments, if necessary, will be made on a percentage of 1979 harvested acreage. The percentage will be equal to the national program acreage divided by the national harvested acreage but not less than 80 or more than 100 percent. However, a farmer can guarantee 100-percent target price eligibility by meeting set-aside requirements plus voluntarily reducing 1979 wheat acreage 15 percent from 1978 plantings.
- The loan rate will remain at $2.35 per bushel, and the target price will remain at $3.40 per bushel.
- Persons owning or operating more than one farm will be eligible for program benefits on participating farms provided the NCA is not exceeded on nonparticipating farms where a set-aside crop is grown.

WHEAT OUTLOOK BY CLASS

HRW Stocks Dwindle: Exports Very Active

January 1 stocks of Hard Red Winter (HRW) totaled around 800 million bushels, down nearly 225 million from a year ago. This midseason stock reduction, the first in 5 years, mainly reflects the cutback in 1978 production and strong June-December export activity. As of January 1, 245 million bushels were CCC-owned or in the 3-year farmer-owned reserve program. These stocks, isolated from the market, presently account for a third of the total wheat supply and are expected to represent over half the yearend carryover. Total 1978/79 disappearance is projected to exceed the crop, and June 1 stocks will be down to around 450 million bushels, the lowest in 3 years.

The brisk pace of HRW exports that began early in 1978 continued through December. June-December shipments were 42 percent ahead of last year and second only to the very heavy loadings of the record 1973/74 marketing year. Sizable export increases went to Latin America (Brazil, Mexico, and Peru) and Nigeria. The largest expansion in sales, however, went to China, which has received over 40 million bushels of HRW this year compared, with only a nominal amount in 1977/78. Reflecting a record 1978 grain harvest, the USSR's export commitments of HRW are considerably behind last year's schedule. About a third of the expected 3-million-ton minimum under the 5-year US/USSR Grain Supply Agreement remains to be committed by September 30.

Recently completed wheat harvests in the Southern Hemisphere have added to the world's exportable wheat supply. This will result in stronger export competition for HRW, and sales are expected to wane in coming months. However, the future does include P.L. 480 wheat and wheat product sales, and purchases by the USSR to meet requirements of the Grain Agreement minimum.

HRW food use should be up slightly because of increased blending in the face of a general shortage of low protein wheats. Total 1978/79 domestic HRW use is expected to decline primarily because of reduced Hard Winter wheat feeding.

HRW prices (Kansas City ordinary) have shown some weakness since the November highs of around $3.50 per bushel. In response to generally strong demand for supplies of low protein wheat, protein premiums have been almost nonexistent since late September. A slowing export pace and indications of a larger 1979 hard winter crop indicate a bearish direction for prices through the coming months, but a continuation of the recent slow rate of producers selling could dampen any extreme downward price movement.

Acreage seeded to HRW appears to be up about 4 percent this year. The initial forecast places the potential 1979 crop at 939 million bushels, up about 13 percent from 1978. However, this production estimate is subject to change due to future weather conditions and producers' final set-aside participation decisions. Currently, the 1979 crop is rated mostly fair to good, with adequate snow cover protecting most of the Great Plains crop.

Hard Red Spring Exports Expand, But Stocks Still Large

Stocks of Hard Red Spring (HRS) on January 1 totaled about 470 million bushels, nearly matching last January's stocks. But this year, 160 million bushels are in the 3-year farmer-owned reserves or CCC-owned compared with 20 million a year ago. Total June-December disappearance was well ahead of last year reflecting a hefty 60-percent upswing in exports. Though total 1978/79 exports are projected to outstrip 1977/78's, yearend stock levels are projected to remain at a record high.

The low prices of spring wheats relative to hard winter has made HRS a good buy and resulted in accelerated mill grind during the June-December period. Additionally, some lower protein spring wheat has been substituted in blends as the supply of low protein wheats has dwindled through the season.

Total HRS export commitments as of January 14 were 187 million bushels, indicating a very good export season is in the making. Expanded sales to Western Europe have reflected increased need for high protein wheat supplies. Pakistan and China have also been strong

buyers. Logistical problems in Canada are causing lags in meeting projected export schedules. This may have some favorable implications for U.S. HRS export sales.

HRS markets are still dominated by large supplies. For much of the July-January period, the typical cash market price relationship—Minneapolis at a premium over Kansas City—has been extremely narrow and often inverse. Thus, the higher protein Hard Spring wheats are considered very competitive with HRW for both export and domestic markets. Prices in the coming months will depend upon the export outlook.

January intentions by HRS producers point to 1979 spring wheat seedings nearly equal to a year ago. This seems to indicate producers will again participate heavily in the set-aside program in order to avail themselves of target price protection and other features of the program.

Durum Exports Approach Record

Durum stocks on January 1 totaled 118 million bushels, slightly above a year ago. Although the large 1978 Durum crop pushed beginning supplies to a record level, a 25-percent surge in June-December disappearance has cut into the inventory. Most of the increased disappearance came from expanded early season exports. Over three-fourths of January 1 stocks were held on the farm, with about 10 million bushels in the 3-year reserve program.

Milling activity during June-December showed only a modest upturn, reflecting a tendency to delay advance buying while relatively large supplies remain available. More Hard Spring wheat than usual may be spilling into the pasta flour market because of reduced protein premiums. Nevertheless, Durum domestic use is projected to grow during 1978/79.

June-December exports were over 58 million bushels, compared with 62 million for all of 1977/78. Most of this flurry was the result of a strong world demand for Durum because of last year's very small world crop. This left the United States as the major source of supply for the first 6 months of the 1978/79 marketing year. This year, major Durum producers (Italy and Canada) had larger crops, suggesting reduced imports by Italy and increased foreign market competition for the remainder of the year. However, total U.S. Durum exports should still top last year's record.

January prices of No. 1 Hard Amber Durum at Minneapolis have weakened from November highs of $3.75 per bushel. In months ahead, prices, influenced by the sizable supply overhanging the market, will hold steady or weaken depending on the pace of producer selling and recovery of the export season in April.

On January 1 growers indicated their intentions to plant 4.3 million acres, a 3-percent increase from a year ago. Growers are expected to adjust to weakening prices and will likely again participate heavily in the set-aside program. If the record high 1978 yield is not repeated, the 1979 Durum crop should be down slightly.

SRW Exports Off Sharply: Larger 1979 Crop Expected

By January 1, about 195 million bushels of Soft Red Winter (SRW) had moved into disappearance channels, down 12 percent from last year. Likewise, January 1 stocks are down 110 million bushels from last January, the lowest midseason inventory since 1973/74. This tightening supply mostly reflects the sharp cutback in the 1978 crop. Short supplies and relatively high prices point to reduced SRW marketing activity for the remainder of this marketing year. However, total disappearance should exceed the 202-million-bushel crop, resulting in the lowest yearend stock level in 5 years.

Faced with an obviously tight 1978/79 supply situation, SRW domestic users locked-in part of their SRW needs some time ahead, but replacement stocks will be needed before the next crop is harvested. Fortunately, from the standpoint of rationing supplies, the rise in SRW prices has significantly cut SRW export sales. As of January 21, total SRW export commitments (shipments plus outstanding sales) were down nearly 40 percent. Projected total 1978/79 exports of 105 million bushels are 92 million below last year's record.

The short 1978/79 supply has caused SRW prices to outpace those of other wheat classes. Chicago prices, at around $3.75 per bushel in late January, were at premium over Kansas City and Minneapolis for most of this marketing year, the reverse of the normal relationship. Although SRW farm prices have also been at a premium over other classes, producers have limited selling even when facing the prospect of a larger 1979 crop. This marketing strategy, the dwindling supply, and a reduced but steady need for SRW should limit any price setback before the new harvest.

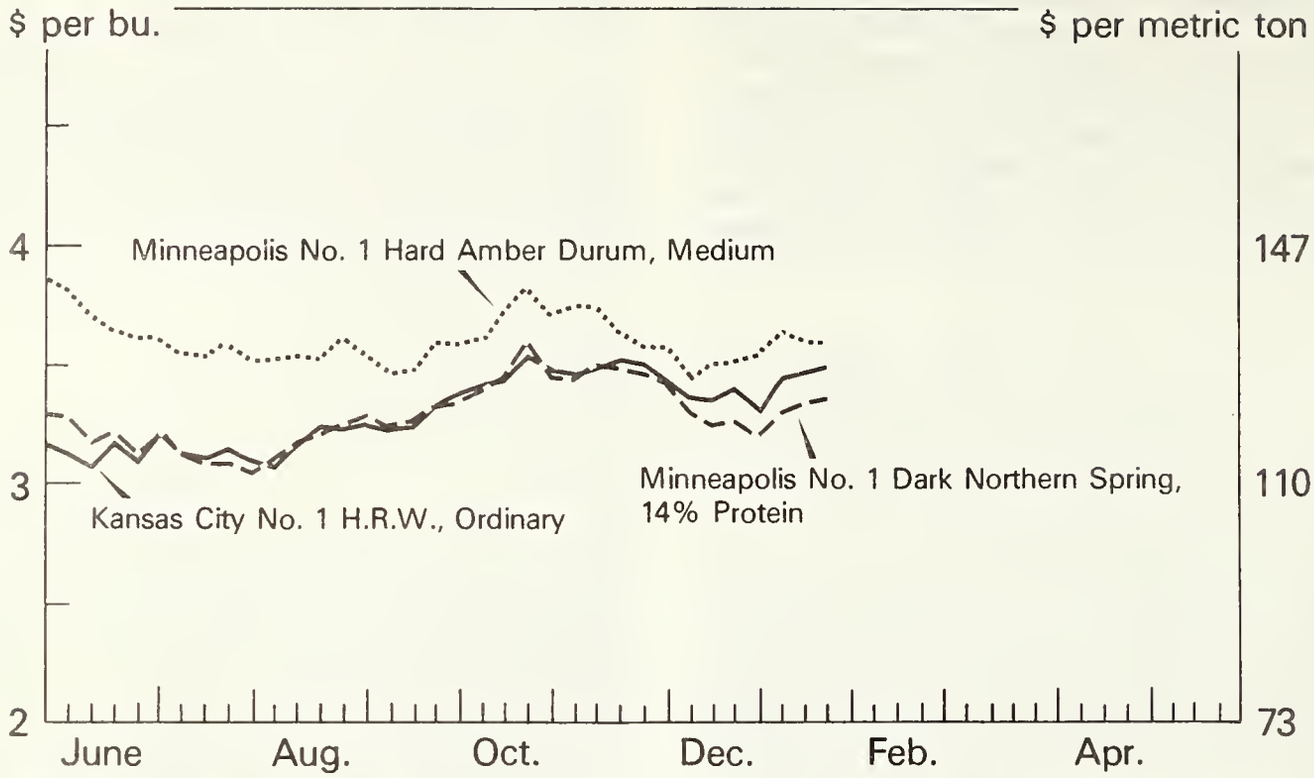
The favorable wheat prices last fall were conducive to a substantial increase of acreage seeded to SRW. Growers in major producing States upped plantings 25 percent from the reduced acreage of 1978, but still 13 percent below the acres that produced the record 1977 crop. As of late January, conditions pointed to a 1979 SRW crop of around 275 million bushels, up from 1978's but below the 1977 record of 350 million bushels.

White Wheat Exports Brisk

White wheat stocks as of January 1 totaled around 165 million bushels, down a tenth from last year. Over two-thirds of these stocks were stored off-farm and about 10 percent in the reserve program. Total disappearance during June-December was up nearly a third from last year, reflecting increased exports and feeding of the sprout-damaged portion of the 1978 crop.

June-December White wheat exports, up about a third, kept pace with the early-season strength of all wheat exports. Increased shipments to Iran and, particularly, Yemen and Pakistan have offset slumping sales to

Cash Wheat Prices, 1978/79*



* Thursday price

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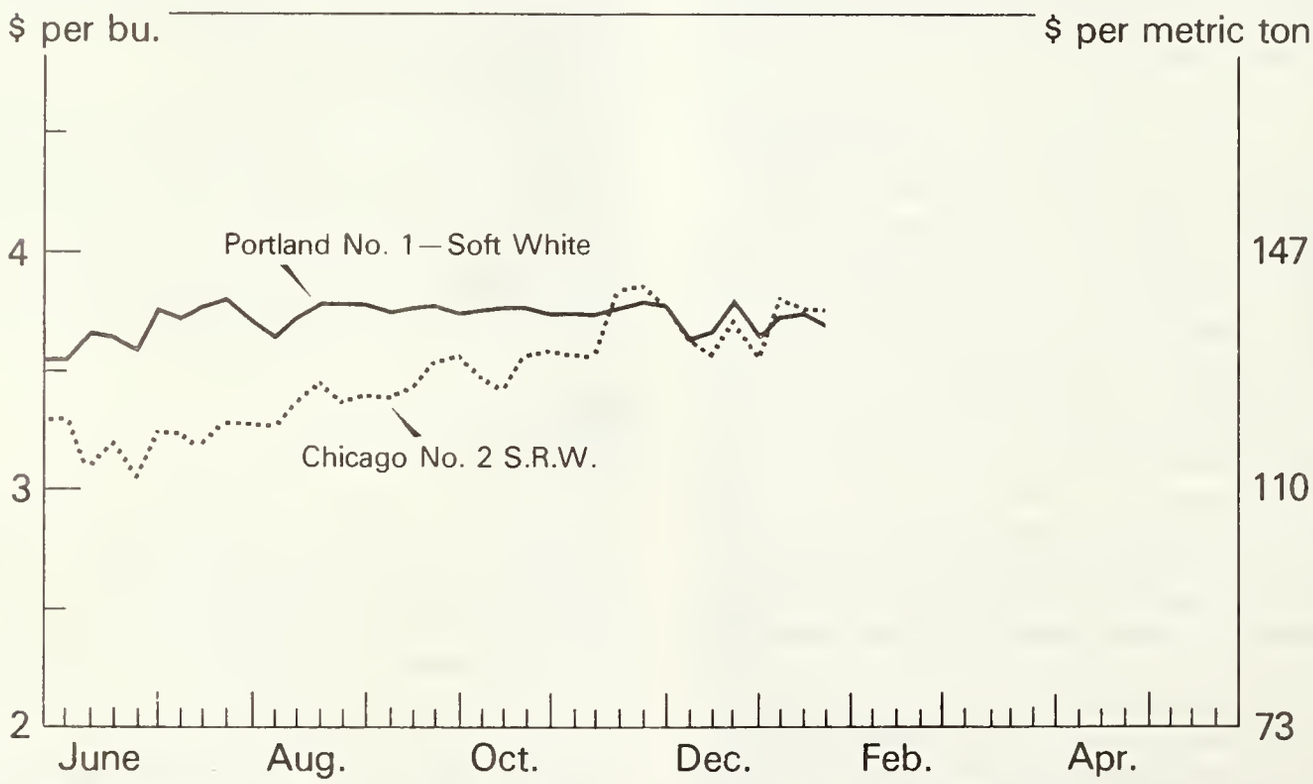
Cash Wheat Prices, 1978/79*



* Thursday price.

USDA

Neg. ESCS 257b-79(2)

the EC, the Philippines, and Korea. The export pace is expected to slow for the remainder of the marketing year, but total shipments will likely reach last year's level of 175 million bushels. The Iranian political situation will influence White wheat export prospects to that destination for the balance of the crop year.

White wheat market prices have been steady, fluctuating slightly around $3.75 per bushel since the July harvest. Farmers' reluctance to sell on declining prices, early-season concern over the extent of sprout damage in the 1978 supply, and the brisk export pace raised Portland No. 1 Soft White wheat prices 70 cents above a year earlier. Prices in coming months will depend on how well export sales hold and on 1979 crop developments.

Last fall, Pacific Northwest producers seeded about 4 percent more winter wheat (principally Western White) than in 1977. Eastern White wheat farmers doubled their plantings, apparently returning all the acreage that was not planted in 1977 because of an extremely wet fall. Initial forecasts place total 1979 Winter White wheat production at around 27 million bushels, or up 7 percent. Periodic snows in the Pacific Northwest provided needed soil moisture, but some freeze damage may develop from very low temperatures. The Eastern crop entered dormancy under nearly ideal conditions.

Wheat: Current indicators of export movement, by coastal area and class of wheat, June-December 1977 and 1978

Period and coastal area	Wheat (grain only)-Inspections for export						
	Hard winter	Red winter	Hard spring	Durum	White	Mixed	Total
	Million bushels						
June-December 1977							
Coastal areas:							
Great Lakes	0.2	12.9	34.2	34.4	1.3	---	83.0
Atlantic	---	25.8	---	---	0.9	---	26.7
Gulf	208.4	78.1	27.9	2.7	---	2.8	319.9
Pacific	34.1	---	31.1	1.8	80.4	---	147.4
Total	242.7	116.8	93.2	38.9	82.6	2.8	577.0
June-December 1978							
Coastal areas:							
Great Lakes	---	24.3	89.1	46.8	2.5	1.1	163.8
Atlantic	---	15.1	---	---	---	---	15.1
Gulf	291.4	48.1	28.7	1.4	---	2.4	372.0
Pacific	61.9	---	36.0	8.0	107.0	---	212.9
Total	353.3	87.5	153.8	56.2	109.5	3.5	763.8

1978 WORLD WHEAT CROP WRAPUP[2]

A Record World Wheat Crop

The 1978 world wheat crop estimate has been revised upward by 13 million tons since mid-November to a record 436 million tons[3] with increased estimates for a number of large producers, particularly West and East Europe, the USSR, Australia, and Canada.

In early December, the USSR announced a total 1978 grain crop of 235 million tons, 5 million tons higher than its preliminary estimate. The total includes 121 million tons of wheat and 103 million tons of coarse grains.

USDA's forecast of Soviet 1978/79 grain imports from all sources has been reduced from 15 million tons to 14 million tons, 5 million tons of wheat and 9 million tons of coarse grains. The forecast of USSR grain exports during 1978/79 remains at 2.5 million tons, including 1.5 million tons of wheat and 1 million tons of barley.

World Supplies Exceed Use: Stocks Increase

The indicated increase in 1978/79 world wheat supplies will likely exceed the increase in world use by around 24 million tons. Wheat supplies for 1978/79 are

[2] Based on *World Grain Situation and Outlook for 1978/79*, FG-3-79, Foreign Agricultural Service, January 26, 1979.

[3] The reliability of the estimate is discussed in the source above.

World wheat: Ending stocks, production, supply, utilization, and trade

Item	1976/77	1977/78 Prel.	1978/79 Forecast
	Million metric tons		
Ending stocks			
Canada	13.3	12.1	13.6
Australia	2.1	0.8	5.7
Argentina	1.4	0.5	0.5
Sub-total	16.8	13.4	19.8
Other Foreign	51.4	36.6	59.0
United States	30.3	32.3	27.3
World total	98.4	82.3	106.1
World production	415.1	381.9	435.8
World supply	478.1	480.3	518.1
World utilization	379.6	398.1	412.0
World trade	62.8	73.0	72.5

SOURCE: Adapted from FAS, World Grain Situation and Outlook for 1978/79, FG-3-79, January 26, 1979.

USSR grain production: Total grain, wheat, and wheat as percent of total, average 1965-69 and annual 1971/72-1978/79

Crop years	Total grain[1]	Wheat	Wheat as percent of total grains
	Million metric tons		*Percent*
1965-69	154.4	82.2	53.2
1971/72	181.2	98.8	54.5
1972/73	168.2	86.0	51.1
1973/74	222.5	109.8	49.3
1974/75	195.7	83.9	42.9
1975/76	140.1	66.2	47.3
1976/77	223.8	96.9	43.3
1977/78 prel.	195.5	92.2	47.2
1978/79 est.	235.0	120.8	51.4

[1] Soviet total grain includes pulses as well as wheat, rough rice, the major coarse grains (corn, barley, rye, oats, and sorghum), and the minor coarse grains (millet, mixed grains, etc.).

estimated at a record of around 518 million tons, while use is estimated at around 412 million tons. Estimated world carryover stocks into 1979/80, at 106 million tons,[4] will be up 24 million tons or 29 percent from 1978/79, compared with a decrease of 16 percent for the 1978/79 season. Carryover stocks for 1979/80 represents 26 percent of utilization compared to 21 percent for 1978/79. The reduction of 5 million tons in U.S. wheat stocks will be greatly offset by the anticipated 29-million-ton buildup in foreign-held stocks. The USSR accounts for over half the buildup in foreign stocks. The U.S. share of 1978/79 ending stocks may be down to 26 percent of the total from 39 percent. Other major exporters (Canada, Australia, and Argentina) may hold about 19 percent of ending world stocks, up 2 percent from last year.

Some Recent Developments Affecting the World Wheat Situation Include:

(1) Strong indications that China's future grain imports will continue well above the level of recent years.

(2) A slow pace of USSR import buying relative to expected totals for the year.

(3) Winter grain sowings less than intended, particularly in the USSR, but also in areas of Western Europe, with possible impact on 1979/80 import demand.

(4) Expanded U.S. winter wheat area and larger reported prospective U.S. spring wheat plantings, suggesting large 1979 production.

[4] Stocks data are based on aggregate of differing local marketing years and should not be construed as representing world stock levels at any one time. Stocks data are not available for all countries and exclude those of China and parts of Eastern Europe.

World Trade About the Same

Total world wheat trade for 1978/79 (July/June) is forecast at 73 million tons, about the same as last year. The United States will likely maintain its recent share of world trade slightly (over 40 percent) while the other major exporters (Canada, Australia, and Argentina) are expected to take about 35 percent of the world market compared with 40 percent last season.

Exports by Western European countries seem likely to increase by 45 to 50 percent and comprise around 14 percent of the total international wheat trade. The European Community (EC) has harvested a record wheat crop, and much of the production increase of about 9 million tons will move into the world market under a substantial export subsidy program (up to about $130 per ton).

With larger 1978 crops in the USSR and East and West Europe, imports of these major wheat importers as well as import-dependent Japan are expected to be off from the 1977/78 levels. Offsetting these declines are anticipated larger imports by China, Brazil, Egypt, Iran, Pakistan, Indonesia, Chile, Mexico, and a number of smaller importers as well.

Significant factors that may affect the outlook for world grain trade and markets in the months ahead include:

(1) The rate of Chinese and Soviet import purchases, including longterm purchase/supply agreements. (China has a new (announced January 22) 3-year grain agreement with Australia for 7.5 million tons of grain to be shipped during 1979-81. Last year, China signed a 3-year agreement with Argentina for 3 million tons of wheat and corn for the 1979-81 period. And a new 3-year pact with Canada is reported under consideration.)

(2) The impact of further EC wheat export subsidies.

(3) Developments in the production outlook for

1979 winter and spring grains in the Northern Hemisphere as influenced by winter and spring weather and planting decisions.

(4) Changes in wheat export sales policies in Canada, Australia, and the EC, which would affect prices and trade volume.

RYE HIGHLIGHTS

A combination of increased harvested acreage, high yields, and good growing conditions produced a bumper 26-million-bushel U.S. rye crop in 1978. This was 51 percent larger than last year and almost double the small drought-stricken crop of 1976. The Dakotas produced over half the crop, compared with less than a third in 1977. Production also rebounded in Georgia because of improved moisture conditions and larger harvested acreage.

This year's bigger crop resulted in 1978/79 rye supplies 39 percent above a year ago. With few prospects for a corresponding surge in 1978/79 demand, rye prices dropped around 60 cents per bushel from their early season high of near $3.00 per bushel. This continuing surplus rye situation (January 1 stocks were 74 percent above 1978's) has kept current rye prices below those of a year ago. Rye market prices are nearly $1.40 per bushel below Soft Red Winter wheat at Chicago compared with a 10-cent premium for rye a year ago. This may prompt more rye flour use in bakery products where feasible.

Total 1978/79 domestic use is expected to climb modestly over 1977, reflecting some increased food and feed use. June-December exports have been negligible and are expected to continue so. Thus, yearend carry-over stocks will nearly triple.

Rye: Supply and disappearance

Item	June-December	
	1977	1978
	Million bushels	
June 1 stocks	4.4	4.1
Production	17.3	26.2
Imports	.1	.1
Total supply	21.8	30.4
Exports	([1])	([1])
Food	2.1	2.2
Seed	4.6	4.7
Industrial	1.1	1.1
Feed	4.7	6.2
Total disappearance	12.5	14.2
January 1 stocks	9.3	16.2

[1] Less than 50,000 bushels.

Acreage for 1979 Up 3 Percent

The acreage seeded to rye last fall increased 3 percent to over 3 million acres. December crop conditions in the Northern Plains were rated good. In the South, late fall rains resulted in improved growth after hot and dry conditions delayed early seeding and slowed development.

Production in 1979 will depend on acreage harvested for grain and yields. Current crop conditions suggest that 1979 yields could approach last year's bumper level. However, low prices are likely to limit the area harvested for grain, leading to more rye acreage grazed in 1979.

Rye grind by month, June-May 1976-78

Month	1976	1977	1978
	1,000 bushels		
June	320	277	298
July	305	263	260
August	322	328	282
September	298	313	290
October	285	313	340
November	325	332	366
December	364	334	
January	305	322	
February	302	298	
March	316	291	
April	282	284	
May	272	293	
Total	3,696	3,648	

Wheat and rye cash prices, June-May 1972-79

Year and month	No. 2 wheat SRW Chicago	No. 2 rye Minn.	Wheat/rye ratio
	Dollars per bushel		*Percent*
1972/73	2.20	1.08	204
1973/74	4.84	2.51	193
1974/75	4.16	2.89	144
1975/76	3.54	2.84	125
1976/77	2.81	2.87	98
1977/78	2.56	2.53	101
1978/79			
June	3.18	2.93	109
July	3.22	2.59	125
August	3.32	2.22	150
September	3.42	2.36	145
October	3.51	2.33	151
November	3.68	2.47	149
December	3.68	2.44	151
January	3.73	2.37	157

LDC DEMAND FOR U.S. WHEAT

by

P. Gallagher, M. Bredahl, and M. Lancaster[1]

ABSTRACT: Effects of trade policies and economic variables which exert an influence on international wheat trade between the United States and less developed countries (LDC's) are summarized in this article. A method for statistical analysis of regional U.S. wheat export demand is presented with an application of this method for selected LDC's. A forthcoming article features an analysis of the demand for U.S. wheat in Japan and the European Community.

KEYWORDS: U.S. wheat exports, trade policies, less developed countries.

The export demand for wheat, along with other major U.S. crops, has grown dramatically since the early seventies. In the sixties, about thirty percent of U.S. wheat production was shipped abroad. Recently, more than 60 percent has been sold to foreign countries. Significantly, this increase has been in commercial sales, in contrast to the past when food aid programs were relatively more important. The primary objective of this study was an improved understanding of the factors in foreign markets which influence demand prospects for commercial sales of U.S. wheat.

This paper develops techniques which can measure the demand of major importing regions for U.S. wheat. In particular, an empirical model is developed and estimated for less developed countries (LDC's). In a forthcoming article, to appear in a later edition of the *Wheat Situation*, similar results are presented for Japan and Western Europe.

The Institutional Setting

An exhaustive study of international wheat trade policies requires volumes rather than pages. While certain interesting policies can be highlighted, studies such as those by Hadwiger, Schmitz, or Takayama (see references) provide a more complete discussion.

Major Importers

The importance of several regions to U.S. wheat exports is highlighted in table 1. The percent of U.S. wheat exports to developed countries has been very stable since 1960 (20 to 25 percent of total exports). Japan is generally the most important single importer, accounting for about 10 percent of total U.S. exports, followed by the European Community (EC).

Until the Centrally Planned countries (primarily the USSR and China) entered the market in the early seventies, LDC's accounted for most of the remaining proportion of total exports. The pattern of exports to LDC's illustrates the declining importance of PL 480 and Agency for International Development (AID) exports (figure 1). In the early sixties (1960/61-1963/64), 87 percent of exports to LDC's were made under U.S. food aid programs. While the volume of U.S. wheat exports to LDC's increased from the early sixties to early seventies, exports made under food aid programs fell to about 25 percent of the LDC's total purchases from the United States.

LDC Price Policies

Import policies of the LDC's vary widely from fixed internal prices to unregulated private market systems. In the analysis that follows, it is assumed that, in the aggregate, the LDC's wheat purchase decisions respond to world prices of wheat, coarse grains, and rice. It is likely, however, that LDC wheat price policies affect the

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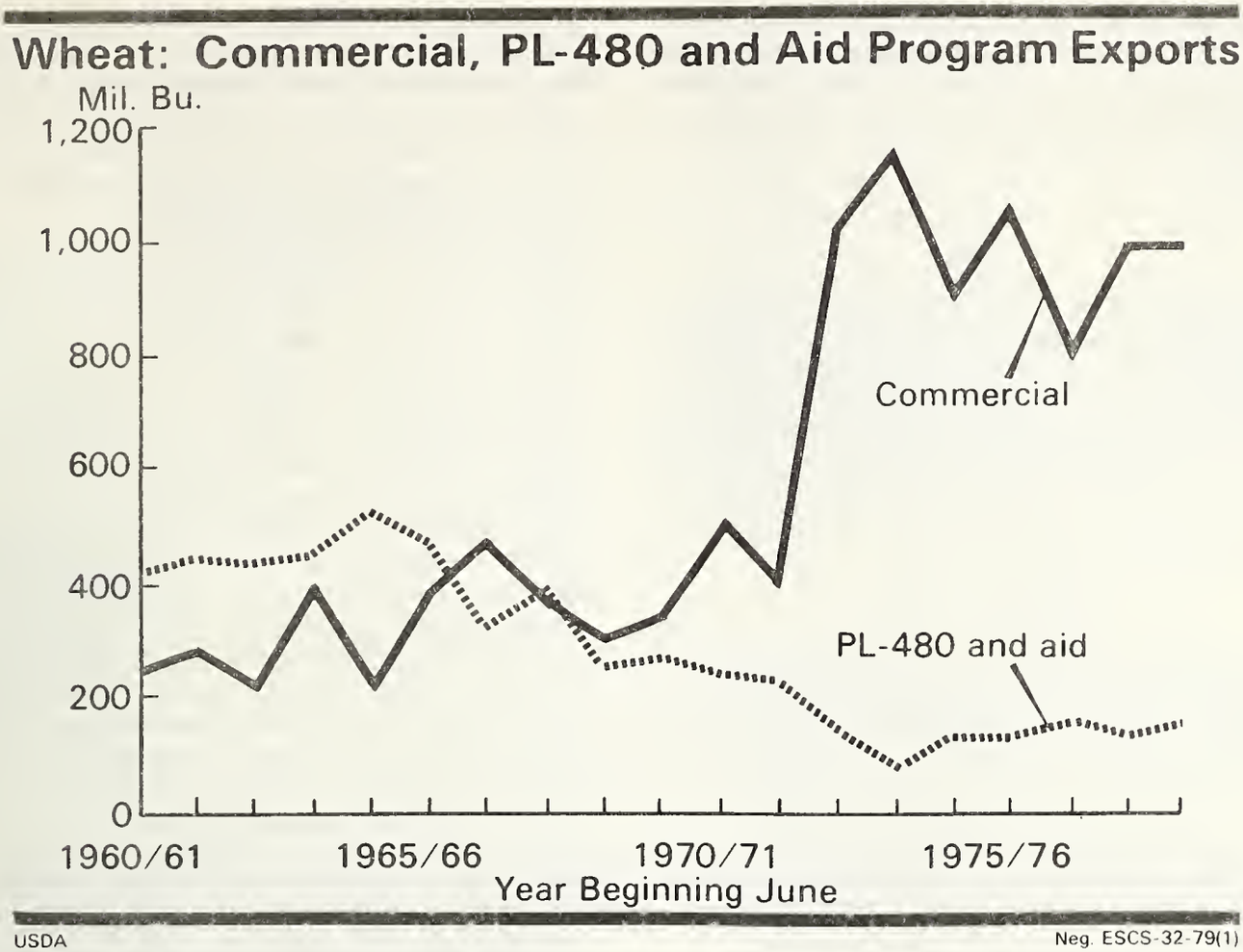

results obtained in this study. To the extent that LDC restrictions on wheat prices interfere with free market prices, the responsiveness of LDC imports is diminished. Statistical analysis should reveal the extent of the relation between world wheat price and LDC imports.

Major Exporters

The supply side of the wheat export market is dominated by the United States, Canada, and Australia (see table 2). Over recent years, these producers have accumulated and stored large stocks of wheat. This oversupply pressured prices downward and resulted in setting prices and limiting production.

Supplies of Canada and Australia are controlled by monopolistic government agencies. For much of the 1960-1974 historical period, actions of these agencies, by and large, determined the trade shares held by each exporter.

U.S. policies of the fifties, sixties, and early seventies were designed to accommodate growing supplies and stable internal demands. The commercial export market was enlarged by offering a wheat export subsidy. Supplementing the subsidy program, Public Law 480 provided for wheat gifts and long-term credit sales to LDC's.

Table 2—Wheat exports and market share by major wheat-exporting countries

Country	Average for the 1960/61-1963/64 period		Average for the 1972/73-1975/76 period	
	Exports	Market share	Exports	Market share
	M.m.t.	*Percent*	*M.m.t.*	*Percent*
Argentina	2.23	5.3	2.53	3.9
Australia	5.95	14.1	7.02	10.8
Canada	10.82	25.7	12.83	19.7
European Community	3.64	8.6	11.62	17.8
United States	19.50	46.3	31.16	47.8
Total	42.15	100.0	65.16	100.0

SOURCE: *Foreign Agricultural Circular, Grains*

In recent years, it has not been as necessary to bolster the U.S. wheat export market. Subsidies have been discontinued and PL 480 shipments have been drastically reduced. However, these factors are relevant to the historical analysis of wheat exports. Traditional tax/subsidy theory suggests that an export subsidy reduces world prices and increases U.S. exports (Cordon, p. 20). Additionally, Fisher and Schultz have argued that

PL 480 shipments influence recipient countries' wheat economies in the same manner as an increase in domestic supplies. Consequently, one would expect substitution between purchased wheat and wheat imported on concessional terms by LDC's.

The Model

As a prelude to statistical analysis, it is useful to provide a formal statement of the relations hypothesized to influence U.S. wheat exports. Regional import demands (M_i) should be negatively related to domestic prices (P_i) and internal supplies (QS_i). Imports should also respond to other "shift" variables (S_i), such as the price of close substitutes or income, which are unique to the region under consideration. This relation could be represented symbolically as

$$M_i = F(P_i, QS_i, S_i). \quad (1)$$

A second relationship is assumed to exist between U.S. exports to a region (X_i), total imports by the region, and competing country supplies (CS_i):

$$X_i = f(M_i, CS_i). \quad (2)$$

Competing country supplies are included as an indicator of competition between the United States and other suppliers.

Upon combining these relationships, it is possible to express U.S. exports in terms of the factors that influence import demands:

$$X_i = f(P_i, QS_i, S_i\ CS_i). \quad (3)$$

Equation (3) forms the basis for the empirical analysis that follows. In the analysis of LDC's, a combined relationship similar to (3) was estimated. In a forthcoming study of developed countries, a relationship like (3) was also used to analyze U.S. exports to Japan. However, for the Western European wheat economy separate demand (equation 1) and share relations (equation 2) were estimated.

Models such as those represented by equations (1), (2), and (3) are simplifications of real world behavior. Results obtained from the aggregated data used in such models should be interpreted as representing general tendencies.

Analysis for LDC's

Application of the model to the LDC's required definition of the theoretical variables contained in equation 3. Once the variables were defined in terms of available data, ordinary least squares was used to estimate the parameters of the model.

U.S. commercial wheat exports to LDC wheat importers (X_i) were taken from the country-of-destination data published in the *Wheat Situation*. These data are based on monthly export reports of the Bureau of Census, U.S. Department of Commerce. Data were compiled on the basis of a July-June year and include flour exports on a wheat-equivalent basis.

World wheat prices (P_i) are generally reflected in U.S. markets. However, during the sixties and early seventies, U.S. grain exporters were paid subsidies for shipments of wheat. U.S. average prices received by farmers as reported by USDA were taken as a proxy for the world wheat price. During years when subsidies were in effect, this price was adjusted by the rate of payment made for wheat exports. Prices received and export payment rates were taken from the *Wheat Situation*.

Data on LDC wheat supplies (QS_1) and competing exporter supplies (CS_i) were taken from Foreign Agricultural Service Estimates of wheat production and stocks.[2]

Shift variables (S_i) chosen for inclusion in the model were prices of competing grains, PL 480 imports of the LDC's, and a measure of LDC purchasing power. Grains which compete for LDC markets are rice and coarse grains. U.S. milled rice prices, adjusted for export subsidies, were used as a proxy for world prices. An index of coarse grain prices was constructed using U.S. prices received by farmers. Weights reflecting LDC consumption of coarse grains were used to calculate the index.

PL 480 wheat shipments would be expected to substitute, in large part for commercial purchases by the LDC's. It is unlikely that commercial wheat exports are reduced by 1 bushel for every bushel of PL 480 shipments. Rather, PL 480 wheat is likely taken by customers who lack the foreign exchange needed to fill their domestic requirements. Thus, PL 480 wheat shipments likely add somewhat to total U.S. wheat exports. PL 480 data were taken from USDA data compiled by the Foreign Demand and Competition Division.

Given the modest income levels characteristic of the LDC's, it is likely that income growth in these countries results in expanded demand for wheat. A measure of LDC incomes is difficult, however, due to a lack of information from many countries. An index of purchasing power was constructed from International Monetary Fund (IMF) consumption expenditure data for six important LDC wheat importers—South Korea, Pakistan, Algeria, Morocco, Brazil, and Venezuela, with country data weighted by population. To account for fluctuations in currency values, the income index was deflated by an IMF trade-weighted index of exchange rates for countries that trade with the United States. The result is an approximate measure of LDC buying power in terms of U.S. currency.

[2] Major competitors are Argentina, Australia, Canada, and the European Community.

Population was accounted for in the equation by placing all quantity variables and the income index on a per capita basis. Data on LDC's populations were obtained from the IMF.

Table 3—Estimated per capita LDC commercial wheat import demand equation, 1960/61-1974/75

Independent variable	Estimated coefficient	t-statistic	Elasticity
Price of:			
Wheat ($/bu.) . . .	-0.069	-1.37	-0.71
Feed grains (Index, 1967=1.0) . . .	0.002	2.11	1.06
Rice ($/bu.)	0.005	0.95	0.27
Own supply (bu./capita)	-0.226	-2.69	-2.04
Competing exporters supply (bu./capita.	-0.101	-1.84	-0.94
PL 480 imports (bu./capita)	-0.600	-4.44	-2.95
Income/exchange rate (Index, 1970=1.0).	0.204	1.19	1.12
Constant	0.618	2.44	---
$\bar{R}^2$ = .952			
S.E.E. = 0.033			

Results

Ordinary least squares was applied to the model using the data outlined above. Years included in the estimated equation were 1960/61 through 1974/75. Resulting estimates for the equation are presented in table 3.

In general, the estimated coefficients and related elasticities agree with expectations based on economic theory. However, the t statistics for several of the estimated coefficients are relatively low. This is a symptom of high intercorrelations among the explanatory variables, particularly the price and supply variables, and the short time series used.

Elasticities for wheat and feed grain prices indicate that LDC commercial wheat imports from the United States respond to these variables. A 1-percent increase in wheat prices would reduce these wheat imports by 0.71 percent, while a similar increase in feed grain prices would increase wheat imports by 1.06 percent, all else being equal. Rice prices seem to have only a minor impact.

LDC commercial imports of wheat from the United States are strongly related to their own level of supplies. The estimated coefficient for LDC production suggests that a 1-bushel increase in supply results in a decline of 0.226 bushels in their imports.

Competitors' wheat supplies have a somewhat smaller impact on LDC imports from the United States. Over the historical period, 1-bushel increase in competitors' supplies reduces U.S. commercial sales to LDC's by about 0.1 bushel.

PL 480 wheat shipments to the LDC's seem to influence our commercial sales. All else being equal each bushel of PL 480 wheat reduced the commercial sales to these countries by 0.6 bushel. The relationship is statistically significant. However, in recent years, PL 480 wheat shipments have declined and may not now affect commercial sales to the extent indicated by the equation.

Incomes in the LDC's also seem to affect their wheat imports. For each 1-percent increase in the income or exchange rate variable, commercial wheat imports from the U.S. change 1.12 percent. This relationship suggests that economic conditions in the LDC's and foreign exchange markets are of moderate importance to commercial U.S. wheat sales to these countries.

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Table 1.--Total U.S. wheat exports, percent as commercial, non-commercial, and by destination

Crop Year Begin. *	Total Exports	Percent as		Percent as Commercial to		Percent as PL 480 to		Percent as Cent. Planned Country Imports
		Commercial	PL 480 + AID	Developed Countries	LDC's	Developed Countries	LDC's	
	Million bu.	Percent						
1960	659	28.6	62.8	21.3	7.3	6.4	56.4	8.6
1961	723	30.6	61.7	22.4	8.2	4.0	57.7	7.8
1962	635	22.5	67.1	12.8	9.7	1.1	66.0	10.3
1963	845	31.7	53.3	22.0	9.7	1.2	52.1	15.0
1964	710	22.9	70.9	14.6	8.3	1.3	69.6	6.3
1965	867	38.1	55.2	22.5	15.6	0.4	54.8	6.7
1966	744	57.8	39.8	24.5	33.3	0.2	39.6	2.4
1967	761	46.9	51.4	21.0	25.9	--	51.4	1.6
1968	544	55.2	44.7	27.9	27.3	--	44.7	--
1969	607	55.7	44.3	28.0	27.7	--	44.3	--
1970	738	63.6	32.0	34.8	28.8	--	32.0	4.4
1971	632	63.2	36.6	25.9	37.3	--	36.6	0.2
1972	1,186	53.0	11.8	22.1	30.9	--	11.8	35.3
1973	1,148	72.6	5.6	20.0	52.6	--	5.6	21.8
1974	1,039	78.3	12.4	20.2	58.1	--	12.4	9.0
1975	1,164	73.5	10.7	23.5	49.9	--	10.7	15.4

*July-June crop years

SOURCE: Wheat Situation

TABLE 2.--WHEAT: MARKETING YEAR SUPPLY AND DISAPPEARANCE, SPECIFIED PERIODS, 1974-78*

YEAR AND PERIODS BEGINNING JUNE 1	SUPPLY				DISAPPEARANCE							ENDING STOCKS		
					DOMESTIC USE									
	BEGINNING STOCKS	PRODUCTION	IMPORTS 1/	TOTAL	FOOD 2/	ALC. BEVERAGES	SEED	FEED 3/	TOTAL	EXPORTS 1/	TOTAL DISAPPEARANCE	GOVT. OWNED 4/	PRIVATELY OWNED 5/	TOTAL
	MILLION BUSHELS													
1974/75														
JUNE-SEPT.	340.1	1,781.9	2.2	2,124.1	176.6	6/	34.0	21.0	231.6	330.4	562.0	---	1,562.1	1,562.1
OCT.-DEC.	1,562.1	---	0.6	1,562.7	142.4	6/	32.0	-2.2	172.2	283.0	455.2	---	1,107.5	1,107.5
JAN.-MAR.	1,107.5	---	0.4	1,107.9	129.0	6/	0.6	60.9	190.5	255.3	445.8	---	662.1	662.1
APR.-MAY	662.1	---	0.2	662.3	92.8	6/	25.4	-40.6	77.5	149.8	227.3	---	435.0	435.0
MKT. YEAR	340.1	1,781.9	3.4	2,125.3	540.8	6/	92.0	39.1	671.9	1,018.5	1,690.4	---	435.0	435.0
1975/76														
JUNE-SEPT.	435.0	2,122.5	0.7	2,558.1	195.0	6/	33.0	17.2	245.2	428.4	673.6	---	1,884.5	1,884.5
OCT.-DEC.	1,884.5	---	0.7	1,885.3	149.9	6/	35.0	-28.8	156.1	343.6	499.6	---	1,385.7	1,385.7
JAN.-MAR.	1,385.7	---	0.3	1,386.0	148.5	6/	1.0	52.4	201.9	247.3	449.2	---	936.8	936.8
APR.-MAY	936.8	---	0.6	937.4	94.2	6/	30.0	-5.7	118.5	153.7	272.1	---	665.3	665.3
MKT. YEAR	435.0	2,122.5	2.4	2,559.8	587.5	0.1	99.0	35.1	721.7	1,172.9	1,894.6	---	665.3	665.3
1976/77														
JUNE-SEPT.	665.3	2,142.4	0.9	2,808.5	200.4	6/	32.0	-11.0	221.5	398.8	620.3	---	2,188.2	2,188.2
OCT.-DEC.	2,188.2	---	0.4	2,188.6	152.5	6/	34.0	6/	186.6	220.3	406.8	---	1,781.8	1,781.8
JAN.-MAR.	1,781.8	---	0.4	1,782.1	147.3	6/	1.0	65.5	213.8	178.8	392.6	---	1,389.5	1,389.5
APR.-MAY	1,389.5	---	1.1	1,390.6	87.9	6/	25.0	13.9	126.7	151.6	278.4	---	1,112.2	1,112.2
MKT. YEAR	665.3	2,142.4	2.7	2,810.3	588.0	0.1	92.0	68.4	748.6	949.5	1,698.1	---	1,112.2	1,112.2
1977/78														
JUNE-SEPT.	1,112.2	2,036.3	0.8	3,149.4	193.3	6/	33.0	141.1	367.3	381.7	749.0	8.2	2,392.2	2,400.4
OCT.-DEC.	2,400.4	---	0.4	2,400.7	153.5	6/	23.0	5.1	181.6	225.4	407.0	31.8	1,962.0	1,993.8
JAN.-MAR.	1,993.8	---	0.4	1,994.2	145.5	6/	1.0	41.4	187.9	278.5	466.5	44.8	1,482.9	1,527.7
APR.-MAY	1,527.7	---	0.3	1,528.0	94.3	6/	23.0	-4.3	113.0	238.2	351.3	45.7	1,131.0	1,176.7
MKT. YEAR	1,112.2	2,036.3	1.9	3,150.5	586.5	0.1	80.0	183.3	849.9	1,123.9	1,973.8	45.7	1,131.0	1,176.7
1978/79 7/														
JUNE-SEPT.	1,176.7	1,798.7	0.5	2,976.0	191.7	6/	27.0	127.0	345.6	493.3	839.0	48.9	2,088.1	2,137.0
OCT.-DEC.	2,137.0	---	0.5	2,137.5	156.8	6/	33.0	8.2	198.0	308.8	506.8	49.5	1,581.2	1,630.7
JAN.-MAR.														
APR.-MAY														
MKT. YEAR														

1/ IMPORTS AND EXPORTS INCLUDE FLOUR AND OTHER PRODUCTS EXPRESSED IN WHEAT EQUIVALENT. 2/ USED FOR FOOD IN THE UNITED STATES, U.S. TERRITORIES, AND BY THE MILITARY. 3/ RESIDUAL; APPROXIMATES FEED USE. 4/ UNCOMMITTED, GOVERNMENT ONLY. 5/ INCLUDES TOTAL LOANS. 6/ LESS THAN 50,000 BUSHELS. 7/ PRELIMINARY. *TOTALS MAY NOT ADD DUE TO ROUNDING.

TABLE 3.--WHEAT CLASSES: MARKETING YEAR SUPPLY AND DISAPPEARANCE, 1975-78 1/

YEAR BEGINNING JUNE 1	SUPPLY			DISAPPEARANCE			ENDING STOCKS MAY 31
	BEGINNING STOCKS	PRODUCTION	TOTAL 2/	DOMESTIC USE	EXPORTS 3/	TOTAL	
	MILLION BUSHELS						
1975/76							
HARD WINTER	225	1,058	1,283	323	581	904	379
RED WINTER	37	326	363	141	165	306	57
HARD SPRING	104	327	432	156	160	316	116
DURUM	26	123	150	45	52	97	53
WHITE	43	288	331	56	215	271	60
ALL CLASSES	435	2,122	2,559	721	1,173	1,894	665
1976/77							
HARD WINTER	379	976	1,355	332	418	750	605
RED WINTER	57	336	393	140	181	321	72
HARD SPRING	116	411	528	154	124	278	250
DURUM	53	135	190	57	41	98	92
WHITE	60	284	344	65	186	251	93
ALL CLASSES	665	2,142	2,810	748	950	1,698	1,112
1977/78 4/							
HARD WINTER	605	992	1,597	428	535	963	634
RED WINTER	72	350	422	154	197	351	71
HARD SPRING	250	398	649	161	156	317	332
DURUM	92	80	173	44	62	106	67
WHITE	93	216	309	62	174	236	73
ALL CLASSES	1,112	2,036	3,150	849	1,124	1,973	1,177
1978/79 5/							
HARD WINTER	634	834	1,468	418	615	1,033	435
RED WINTER	71	202	273	131	105	236	37
HARD SPRING	332	380	712	160	190	350	362
DURUM	67	133	201	47	65	112	89
WHITE	73	250	324	68	175	243	81
ALL CLASSES	1,177	1,799	2,978	824	1,150	1,974	1,004

1/ DATA, EXCEPT PRODUCTION, ARE APPROXIMATIONS. 2/ TOTAL SUPPLY INCLUDES IMPORTS. 3/ IMPORTS AND EXPORTS INCLUDE FLOUR AND OTHER PRODUCTS IN WHEAT EQUIVALENT. 4/ PRELIMINARY. 5/ PROJECTED.

Table 4.--Wheat: Farm price, loan rate per bushel and price for equivalent quantity of major feed grain in region, 1977-78 1/

Item	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Simple average	Support rate
	- - - - Price for 60 pounds (bushel weight of wheat) - - - -													
Central and So. Plains (Hd. winter) 2/														
Wheat 1977/78	1.94	1.98	1.94	2.06	2.19	2.37	2.38	2.37	2.44	2.55	2.69	2.69	2.30	2.19
Sorghum 1977/78	1.82	1.75	1.59	1.60	1.74	1.87	1.86	1.87	1.91	2.02	2.16	2.21	1.87	1.79
Wheat 1978/79	2.70	2.70	2.73	2.82	2.95	2.98	2.96							2.28
Sorghum 1978/79	2.15	2.05	1.97	1.97	2.06	2.11	2.12							2.00
Cornbelt (Soft red winter) 4/														
Wheat 1977/78	1.99	1.97	1.88	1.88	2.01	2.35	2.45	2.45	2.48	2.64	2.88	2.89	2.32	2.26
Corn 1977/78	2.30	2.01	1.74	1.70	1.80	2.07	2.16	2.17	2.21	2.33	2.47	2.50	2.12	1.93
Wheat 1978/79	2.88	2.90	3.02	3.08	3.23	3.34	3.37							2.34
Corn 1978/79	2.52	2.40	2.18	2.13	2.12	2.19	2.27							2.18
East and South (Soft red winter) 5/														
Wheat 1977/78	1.95	1.91	1.68	2.00	---	2.30	2.23	---	---	---	---	---	1.95	2.22
Corn 1977/78	2.58	2.20	1.85	1.84	1.95	2.29	2.41	2.34	2.44	2.58	2.69	2.87	2.33	2.03
Wheat 1978/79	2.86	3.02	3.11	---	3.09	3.18	---							2.28
Corn 1978/79	2.85	2.58	2.38	2.32	2.42	2.51	2.61							2.29
Northern Plains (Spring and durum) 6/														
Wheat 1977/78	2.25	2.16	2.16	2.28	2.45	2.59	2.56	2.60	2.62	2.66	2.81	2.84	2.50	2.26
Barley 1977/78	2.10	1.71	1.70	1.71	1.91	2.11	2.14	2.15	2.19	2.21	2.34	2.39	2.05	1.74
Wheat 1978/79	2.79	2.69	2.71	2.78	2.87	2.93	2.86							2.36
Barley 1978/79	2.25	2.00	2.02	2.14	2.22	2.32	2.34							1.92
Pacific Northwest (White) 7/														
Wheat 1977/78	2.47	2.52	2.55	2.45	2.40	2.58	2.62	2.69	2.92	3.07	3.17	3.22	2.72	2.31
Barley 1977/78	2.47	2.44	2.25	2.32	2.10	2.31	2.30	2.36	2.47	2.56	2.64	2.71	2.41	1.99
Wheat 1978/79	3.23	3.29	3.36	3.36	3.30	3.30	3.34							2.41
Barley 1978/79	2.69	2.59	2.54	2.35	2.25	2.32	2.31							2.15
U.S. Average														
Wheat 1977/78	2.03	2.04	2.13	2.16	2.30	2.46	2.47	2.53	2.59	2.67	2.82	2.82	8/2.33	2.25
Wheat 1978/79	2.82	2.80	2.88	2.92	2.99	3.04	3.01						8/2.94	2.35

1/ Simple averages with no adjustment made for relative feed value. Relative feeding value: Corn 1.00; wheat 1.05; barley .90; sorghum .95; reported in Consumption of Feed by Livestock, Production Research Report No. 79, ERS, USDA. 2/ Kansas, Nebraska, Texas, Oklahoma, and Colorado. 3/ Preliminary. 4/ Ohio, Indiana, Illinois, and Missouri. 5/ Pennsylvania, Maryland, Virginia, North Carolina, South Carolina, Georgia, Mississippi, Alabama, Louisiana, and Arkansas. 6/ North Dakota, South Dakota, and Minnesota. 7/ Washington, Oregon, and Idaho. 8/ Season average price including allowance for unredeemed loans and purchases by CCC.

Table 5.--Wheat: Cash prices for leading classes at major markets, 1977-78 1/

Major market and Year	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Simple average
	- - - - Dollars per bushel - - - -												
No. 1 HRW, Kansas City													
Ordinary protein													
1977/78	2.31	2.35	2.31	2.47	2.56	2.81	2.80	2.82	2.84	3.07	3.21	3.12	2.72
1978/79	3.12	3.14	3.14	3.24	3.42	3.48	3.39						
13% protein													
1977/78	2.51	2.43	2.38	2.53	2.61	2.86	2.87	2.92	2.89	3.09	3.36	3.25	2.81
1978/79	3.20	3.17	3.15	3.26	3.42	3.48	3.40						
No. 2 SRW, Chicago													
1977/78	2.29	2.20	2.08	2.20	2.27	2.59	2.65	2.69	2.64	2.82	3.11	3.14	2.56
1978/79	3.18	3.22	3.32	3.42	3.51	3.68	3.68						
No. 2 SRW, St. Louis													
1977/78	2.15	2.14	1.97	2.01	2.28	2.70	2.74	2.75	2.71	2.90	3.09	2.99	2.54
1978/79	3.05	3.16	3.21	3.23	3.41	3.57	3.50						
No. 2 SRW, Toledo													
1977/78	2.21	2.13	2.03	2.08	2.21	2.53	2.57	2.62	2.55	2.77	3.07	3.03	2.48
1978/79	3.09	3.13	3.21	3.32	3.46	3.73	3.72						
No. 2 SW, Toledo													
1977/78	2.21	2.16	2.04	2.[illegible]	2.18	2.52	2.56	2.62	2.56	2.77	3.07	3.03	2.48
1978/79	3.10	3.26	3.45	3.63	3.69	3.87	3.77						
No. 1 SW, Portland													
1977/78	2.79	2.88	2.88	2.80	2.75	2.91	2.97	3.17	3.33	3.41	3.62	3.60	3.09
1978/79	3.60	3.74	3.72	3.77	3.76	3.76	3.71						
No. 1 DK. NS, Minneapolis													
Ordinary protein													
1977/78	2.43	2.29	2.22	2.51	2.61	2.71	2.68	2.73	2.72	2.86	3.08	3.10	2.66
1978/79	3.06	2.95	2.96	3.07	3.21	3.32	3.15						
14% protein													
1977/78	2.65	2.54	2.48	2.75	2.87	2.96	2.92	2.94	2.90	3.03	3.23	3.27	2.88
1978/79	3.21	3.11	3.13	3.26	3.41	3.47	3.32						
Hard amber durun, Mpls. (med.)													
1977/78	2.84	2.84	2.80	3.12	3.42	3.54	3.51	3.62	3.61	3.60	3.72	3.79	3.37
1978/79	3.72	3.56	3.55	3.52	3.69	3.70	3.53						

1/ On-track prices established at the close of the market.

Table 6.--Wheat and flour: Price relationships at milling centers annual and by periods, 1975-78

Year and periods	At Kansas City					At Minneapolis				
	Cost of wheat to produce 100 lb. of flour 1/	Wholesale price of-				Cost of wheat to produce 100 lb. of flour 1/	Wholesale price of-			
		Bakery flour per 100 lb. 2/	Byproducts obtained 100 lb. flour 3/	Total products			Bakery flour per 100 lb. 2/	Byproducts obtained 100 lb. flour 3/	Total products	
				Actual	Over cost of wheat				Actual	Over cost of wheat
	- - - - Dollars - - - -									
1975/76										
June-Sept.	9.64	9.15	1.48	10.63	.99	10.37	10.38	1.45	11.83	1.46
Oct.-Dec.	9.55	9.58	1.67	11.25	1.70	10.12	10.66	1.56	12.22	2.10
Jan.-Mar.	9.49	9.29	1.56	10.85	1.36	9.97	10.36	1.47	11.83	1.86
Apr.-May	9.03	8.88	1.53	10.41	1.38	9.68	10.16	1.54	11.70	2.02
Season average	9.43	9.23	1.56	10.79	1.36	10.04	10.39	1.51	11.90	1.86
1976/77										
June-Sept.	8.47	8.31	1.70	10.01	1.54	8.98	9.64	1.74	11.38	2.40
Oct.-Dec.	6.92	7.05	1.71	8.76	1.84	7.16	8.04	1.72	9.76	2.60
Jan.-Mar.	6.75	6.70	1.63	8.33	1.58	7.02	7.78	1.66	9.44	2.42
Apr.-May	6.12	6.02	1.62	7.64	1.52	6.66	7.02	1.66	8.68	2.02
Season average	7.06	7.02	1.66	8.68	1.62	7.46	8.12	1.70	9.82	2.36
1977/78										
June-Sept.	5.61	5.86	1.19	7.05	1.44	5.97	6.70	1.23	7.93	1.96
Oct.-Dec.	6.34	6.46	1.33	7.79	1.45	6.69	7.24	1.23	8.47	1.78
Jan.-Mar.	6.77	6.88	1.37	8.25	1.48	6.82	7.52	1.25	8.77	1.95
Apr.-May	7.54	7.86	1.14	9.00	1.46	7.45	8.52	1.08	9.60	2.15
Season average	6.56	6.76	1.26	8.02	1.46	6.73	7.49	1.20	8.69	1.96
1978/79										
June-Sept.	7.29	7.49	1.27	8.76	1.47	7.27	8.03	1.16	9.19	1.92
Oct.-Dec. 4/	7.83	7.77	1.67	9.44	1.61	7.78	8.15	1.48	9.63	1.85
Jan.-Mar.										
Apr.-May										
Season average										

1/ Based on 73 percent extraction rate, cost of 2.28 bushels: At Kansas City, NO. 1 Hard Winter, 13 percent protein, and at Minneapolis, NO. 1 Dark Northern Spring, simple average of 13 percent and 15 percent protein. 2/ Quoted as 95 percent patent at Kansas City and standard patent at Minneapolis, bulk basis. 3/ Assumed 50-50 millfeed distribution between bran and shorts or middlings, bulk basis. 4/ Preliminary.

Compiled from reports of Agricultural Marketing Service and Bureau of Labor Statistics, Department of Labor.

Table 7.--Cereal and bakery products: Retail price index, 1967-78

Year	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Average
	(Index 1967 = 100)												
1967	99.8	99.7	99.9	99.9	99.7	99.9	99.9	99.8	99.7	99.7	99.8	99.9	99.8
1968	100.1	100.6	100.9	101.1	101.1	101.4	101.4	101.7	101.9	102.3	102.4	102.6	101.5
1969	103.0	103.5	103.5	103.8	104.4	104.7	105.4	105.9	106.6	107.2	107.7	108.0	105.3
1970	108.2	108.7	109.8	110.2	111.0	111.2	111.6	112.4	112.8	113.0	113.9	114.1	111.4
1971	114.2	114.8	114.5	114.6	114.3	114.1	113.8	113.7	114.3	114.8	115.0	114.7	114.4
1972	114.5	114.4	114.4	114.6	114.6	115.0	115.8	116.3	117.8	119.0	120.2	122.1	116.6
1973	123.0	123.5	124.7	132.4	139.0	145.8	148.5	149.7	154.4	158.6	161.4	164.3	143.8
1974	165.3	166.7	168.2	170.4	174.7	177.6	181.7	185.3	187.3	189.1	188.9	187.0	178.5
1975	185.2	184.6	182.6	181.6	181.6	181.9	182.2	182.0	181.1	180.6	180.2	180.8	182.0
1976	181.3	180.9	180.3	180.4	180.1	179.9	179.3	179.9	180.0	181.3	182.6	182.5	180.7
1977	182.8	183.3	182.7	184.9	185.4	187.1	189.0	190.8	194.5	194.4	194.8	198.2	189.0
1978	199.4	201.3	203.1	203.8	205.1	206.6	207.9						

Bureau of Labor Statistics, U.S. Department of Labor.

Table 8.--Wheat: Monthly average export prices at selected ports, 1975-78

Year	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Simple average
	- - - - Cents per bushel - - - -												
	GULF PORTS: NO. 1 HARD RED WINTER, ORDINARY PROTEIN												
1975/76	346	395	443	450	439	400	388	391	416	415	396	386	405
1976/77	398	387	345	327	303	290	288	296	301	291	278	259	314
1977/78	253	263	260	272	283	304	312	311	315	337	355	337	300
1978/79	344	346	347	356	374	375	370						
	EAST COAST NO. 1 SOFT RED WINTER												
1975/76	319	358	405	412	392	354	328	365	391	389	1/	1/	371
1976/77	1/	350	319	312	284	274	278	285	291	278	271	258	291
1977/78	---	229	222	231	246	282	289	294	294	315	340	338	280
1978/79	337	337	344	353	369	382	1/						
	PORTLAND: NO. 2 WESTERN WHITE												
1975/76	343	382	442	448	430	389	383	387	408	396	375	361	395
1976/77	362	364	342	331	306	299	284	294	305	298	302	299	316
1977/78	286	292	295	285	282	296	305	320	338	347	369	365	315
1978/79	369	385	379	384	382	384	377						
	DULUTH: NO. 2 NORTHERN SPRING, 14% PROTEIN												
1975/76	426	456	489	493	477	434	435	422	444	438	422	425	447
1976/77	442	423	374	344	326	312	303	305	310	303	302	286	336
1977/78	267	255	254	279	290	297	290	292	289	299	321	327	288
1978/79	324	316	319	328	346	350	328						

1/ No price quotes available.

Source: Grain Market News.

Table 9.--Wheat and Wheat Flour: World trade, production, stocks and utilization for 1975/76, 1976/77, 1977/78, and projected levels for 1978/79, years beginning July 1.

Country or region	1975/76	1976/77	1977/78 Preliminary	1978/79 January
	- - - - Million metric tons - - - -			
Exports:				
Canada	12.1	12.9	16.0	14.5
Australia	7.9	8.5	11.1	7.7
Argentina	3.2	5.6	2.6	2.6
Sub-total	23.2	27.0	29.6	24.8
W. Europe	9.5	6.3	7.1	10.5
USSR	0.5	1.0	1.0	1.5
All Others	1.6	2.8	4.2	4.7
Total Non-U.S.	34.9	37.1	41.9	41.4
USA 1/	31.5	25.8	31.1	31.0
World total	66.4	62.8	73.0	72.5
Imports:				
W. Europe	6.4	5.6	7.6	7.0
USSR	10.1	4.6	6.9	5.0
Japan	5.9	5.5	5.8	5.5
E. Europe	5.3	6.3	4.8	3.7
China, People's Rep. of	2.2	3.1	8.6	9.0
All Others	36.5	37.7	39.4	42.3
World total	66.4	62.8	73.0	72.5
(World total including intra EC-9)	(72.9)	(68.2)	(79.2)	(77.5)
Production: 2/				
Canada	17.1	23.6	19.9	21.1
Australia	12.0	11.7	9.3	17.6
Argentina	8.6	11.0	5.3	7.4
W. Europe	48.5	50.7	47.7	58.0
USSR 3/	66.2	96.9	92.2	120.8
E. Europe	28.5	34.7	34.2	35.3
India	24.1	28.8	29.0	31.3
All other foreign	87.4	99.5	89.0	95.3
Total foreign	292.4	356.8	326.5	386.8
USA	57.8	58.3	55.4	49.0
World total	350.1	415.1	381.9	435.8
Utilization: 4/				
USA	19.7	20.4	22.8	22.7
USSR 3/	86.8	92.5	107.1	107.6
China, People's Rep. of	43.2	48.1	49.1	53.0
All other foreign	201.1	218.7	219.1	228.7
World total	350.7	379.6	398.1	412.0
Stocks, ending: 5/	63.0	98.4	82.3	106.1

1/ Includes transshipments through Canadian ports; excludes products other than flour. 2/ Production data include all harvests occurring within the July-June year shown, except that small grain crops from the early harvesting Northern Hemisphere areas are "moved forward"; i.e., the May 1977 harvests in areas such as India, North Africa, and southern United States are actually included in "1977/78" accounting period which begins July 1, 1977. 3/ "Bunker weight" basis: not discounted for excess moisture and foreign material. 4/ Utilization data are based on an aggregate of differing local marketing years. For countries for which stocks data are not available, (excluding the USSR) utilization estimates represent "apparent" utilization, i.e., they are inclusive of annual stock level adjustments. 5/ Stocks data are based on an aggregate of differing local marketing years and should not be construed as representing world stock levels at a fixed point in time. Stocks data are not available for all countries and exclude those such as the People's Republic of China and parts of Eastern Europe; the world stock levels have been adjusted for estimated year-to-year changes in USSR grain stocks, but do not purport to include the entire absolute level of USSR stocks.

SOURCE: Foreign Agricultural Service. World Grain Situation: Outlook for 1978/79.

Table 10.--Wheat: World wheat supply and distribution, marketing years 1970-78 1/

Year	Area harvested	Yield	Beginning stocks 2/	Production	Total exports	Utilization total 3/
	Million ha.	Metric ton/ha.	- - - - Million metric tons - - - -			
1970/71	207.0	1.52	97.4	315.5	56.2	338.9
1971/72	212.9	1.64	74.0	348.8	56.0	341.2
1972/73	210.8	1.63	81.1	343.2	71.7	361.1
1973/74	216.8	1.72	63.1	372.4	72.8	364.7
1974/75	219.9	1.62	70.3	357.2	68.1	363.3
1975/76	225.0	1.56	63.6	350.1	73.7	350.7
1976/77	232.5	1.79	63.0	415.1	70.2	379.6
1977/78 4/	225.9	1.69	98.4	381.9	75.1	398.1
1978/79 5/	226.0	1.93	82.3	435.8	75.3	412.0

1/ Data in this table are based on aggregate of differing local marketing years, and will therefore differ from July-June data appearing elsewhere in this report.
2/ Stocks data are only for selected countries and exclude such important countries as USSR, the People's Republic of China, and part of Eastern Europe for which stocks data are not available; the aggregate stocks levels have, however, been adjusted for estimated year-to-year changes in USSR grain stocks.
3/ For countries for which stock data are not available, or for which no adjustments have been made for year-to-year changes, utilization estimates assume a constant stock level.
4/ Preliminary.
5/ Projected.

Source: Foreign Agricultural Service. World Grain Situation: Outlook for 1978/79, FG-3-79, January 26, 1979

Table 11.--Wheat: World wheat and flour trade (grain equivalent), year beginning July, 1974-78 1/*

Region and Country	1974	1975	1976	1977 Preliminary	1978 Projected
	- - - - Million metric tons - - - -				
Exports					
Canada	11.2	12.1	12.9	16.0	14.5
Australia	8.3	7.9	8.5	11.1	7.7
Argentina	2.2	3.2	5.6	2.6	2.6
Sub-total	21.6	23.2	27.0	29.6	24.8
West Europe	8.2	9.5	6.3	7.1	10.5
East Europe	1.7	1.3	2.1	1.9	1.4
USSR	4.0	0.5	1.0	1.0	1.5
Other	0.3	0.3	0.6	2.2	3.2
Total Non-U.S.	35.9	34.9	37.1	41.9	41.4
United States	28.0	31.5	25.8	31.1	31.0
World total	63.9	66.4	62.8	73.0	72.5
Imports					
Japan	5.4	5.9	5.5	5.8	5.5
West Europe	6.0	6.4	5.6	7.6	7.0
East Europe	4.0	5.3	6.3	4.8	3.7
USSR	2.5	10.1	4.6	6.9	5.0
China, People's Rep. of	5.7	2.2	3.1	8.6	9.0
Sub-total	23.6	29.9	25.1	33.6	30.2
Africa 2/	7.7	8.1	8.2	10.8	10.7
Latin America 3/	5.0	6.3	5.5	6.6	7.8
West Asia 4/	4.7	2.4	4.0	5.1	5.1
South Asia 5/	10.8	10.8	6.6	4.4	6.0
Other Asia 6/	2.7	2.5	3.4	3.2	3.2
Others	9.3	6.3	10.0	9.3	9.5
World total	63.9	66.4	62.8	73.0	72.5

1/ Data exclude intra-EC-9 trade, and exclude products other than flour in grain equivalent; U.S. data also adjusted for transshipments through Canada.
2/ Algeria, Egypt, Libya, Morocco, Nigeria, Sudan and Tunisia.
3/ Mexico, Brazil, Chile, Colombia, Peru and Venezuela.
4/ Iran, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, Syria and Turkey.
5/ Bangladesh, India, Indonesia, Pakistan and Sri Lanka.
6/ Rep. of Korea, Philippines and Taiwan.
* Totals may not add due to independent rounding.

Source: Foreign Agricultural Service. World Grain Situation: Outlook for 1978/79, FG-3-79, January 26, 1979

Table 12.--Wheat: Rotterdam, c.i.f., quotations for cargoes/parcels in nearest shipment position, by months, 1973-78 1/

Year beginning	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Simple average
	- - - - Dollars per metric ton - - - -												
	Canadian No. 1 CWRS - 13.5												
1973	132	167	202	228	222	205	222	239	244	240	214	185	208
1974	204	216	216	213	234	237	232	209	198	182	192	193	210
1975	195	205	210	228	219	222	2/185	2/187	2/195	2/174	2/166	2/169	196
1976	2/188	2/175	158	156	145	141	139	145	146	135	133	134	150
1977	127	122	117	129	137	144	145	153	155	2/148	2/154	2/159	141
1978	2/157	161	163	166	170	177	NQ						
	United States No. 2 Hard Winter, 13.5%												
1973	121	144	203	212	206	200	223	230	232	224	183	170	196
1974	177	191	194	204	230	229	219	195	180	176	159	146	192
1975	146	174	188	195	185	173	166	168	181	183	176	169	175
1976	172	176	159	150	139	131	132	133	140	132	130	121	143
1977	114	116	116	120	126	135	137	134	132	139	151	142	130
1978	150	146	147	148	156	161	157						
	United States Dark Northern Spring, 14%												
1973	132	146	193	201	194	198	224	240	240	228	182	180	196
1974	209	214	217	214	233	233	228	204	192	179	182	181	207
1975	175	185	196	202	193	182	187	183	193	194	174	178	187
1976	181	176	158	148	138	137	142	145	148	134	130	127	147
1977	115	111	110	121	126	131	132	144	147	147	147	145	131
1978	142	138	140	144	153	159	150						

1/ Hamburg Mercantile Exchange prices for Rotterdam. Averages: Basis daily market quotes. 30 days delivery.

2/ Canadian Western Spring Wheat (CWRS)--No. 2--12.5 protein.

NQ - Not quoted.

Compiled from Foreign Agriculture Grain Circular, Foreign Agriculture Service.

TABLE 13.--RYE: MARKETING YEAR SUPPLY, DISAPPEARANCE, AREA AND PRICES, 1974-78*

YEAR BEGINNING JUNE 1	SUPPLY				DISAPPEARANCE							ENDING STOCKS MAY 31		
					DOMESTIC USE									
	BEGINNING STOCKS	PRODUCTION	IMPORTS	TOTAL	FOOD	ALC. BEVERAGES	SEED	FEED 1/	TOTAL	EXPORTS	TOTAL DISAPPEARANCE	GOVT. OWNED 2/	PRIVATELY OWNED 3/	TOTAL
	MILLION BUSHELS													
1974/75	14.2	17.5	0.3	32.0	5.5	1.4	4.2	7.8	18.9	6.5	25.3	---	6.6	6.6
1975/76	6.6	16.0	0.9	23.5	4.2	2.1	4.2	7.6	18.0	1.1	19.1	---	4.4	4.4
1976/77	4.4	15.0	0.2	19.6	3.7	1.9	4.2	5.3	15.1	4/	15.2	---	4.4	4.4
1977/78 5/	4.4	17.3	0.1	21.9	3.6	1.9	4.8	7.4	17.7	4/	17.7	---	4.1	4.1
1978/79 6/	4.1	26.2	0.1	30.4	4.5	2.0	4.9	7.7	19.1	4/	19.1	---	---	11.3

	AREA		YIELD	AVERAGE PRICES		NATIONAL AVG. LOAN RATE
	PLANTED	HARVESTED FOR GRAIN	PER HARVESTED ACRE	RECEIVED BY FARMERS	MINNEAPOLIS, NO. 2	
	MILLION ACRES		BUSHELS	DOLLARS PER BUSHEL		
1974/75	2.8	0.8	22.3	2.51	2.89	.89
1975/76	2.8	0.7	21.9	2.36	2.84	.89
1976/77	2.7	0.7	20.7	2.47	2.87	1.20
1977/78 5/	2.7	0.7	24.6	2.05	2.53	1.70
1978/79 6/	3.0	1.0	26.3	2.02		1.70

1/ RESIDUAL: ROUGHLY APPROXIMATES TOTAL FEED USE. 2/ UNCOMMITTED, GOVERNMENT ONLY. 3/ INCLUDES TOTAL LOANS 4/ LESS THAN 50,000 BUSHELS. 5/ PRELIMINARY. 6/ PROJECTED. *TOTALS MAY NOT ADD DUE TO ROUNDING.

TABLE 14.--RYE: MARKETING YEAR SUPPLY AND DISAPPEARANCE, SPECIFIED PERIODS, 1974-78*

YEAR AND PERIODS BEGINNING JUNE 1	SUPPLY				DISAPPEARANCE							ENDING STOCKS		
					DOMESTIC USE									
	BEGIN-NING STOCKS	PRODUC-TION	IM-PORTS	TOTAL	FOOD	ALC. BEVER-AGES	SEED	FEED 1/	TOTAL	EX-PORTS	TOTAL DISAP-PEARANCE	GOVT. OWNED 2/	PRI-VATELY OWNED 3/	TOTAL
	MILLION BUSHELS													
1974/75														
JUNE-SEPT.	14.2	17.5	4/	31.7	1.9	0.4	2.1	3.3	7.6	4.2	11.9	---	19.8	19.8
OCT.-DEC.	19.8	---	4/	19.8	1.4	0.4	1.9	2.3	6.0	2.2	8.2	---	11.6	11.6
JAN.-MAR.	11.6	---	---	11.6	1.3	0.3	0.2	1.8	3.6	4/	3.7	---	7.9	7.9
APR.-MAY	7.9	---	0.3	8.2	0.8	0.3	---	0.4	1.5	4/	1.6	---	6.6	6.6
MKT. YEAR	14.2	17.5	0.3	32.0	5.5	1.4	4.2	7.8	18.9	6.5	25.3	---	6.6	6.6
1975/76														
JUNE-SEPT.	6.6	16.0	0.2	22.8	1.4	0.4	2.1	3.5	7.5	0.7	8.2	---	14.7	14.7
OCT.-DEC.	14.7	---	0.2	14.9	1.1	0.7	1.9	1.8	5.5	0.3	5.8	---	9.1	9.1
JAN.-MAR.	9.1	---	4/	9.1	1.1	0.5	0.2	1.6	3.3	4/	3.3	---	5.8	5.8
APR.-MAY	5.8	---	0.5	6.2	0.6	0.5	---	0.7	1.7	0.1	1.8	---	4.4	4.4
MKT. YEAR	6.6	16.0	0.9	23.5	4.2	2.1	4.2	7.6	18.0	1.1	19.1	---	4.4	4.4
1976/77														
JUNE-SEPT.	4.4	15.0	0.2	19.6	1.2	0.5	2.1	1.7	5.5	4/	5.5	---	14.1	14.1
OCT.-DEC.	14.1	---	4/	14.1	1.0	0.5	1.9	1.8	5.2	4/	5.2	---	8.9	8.9
JAN.-MAR.	8.9	---	4/	8.9	0.9	0.6	0.2	1.0	2.7	4/	2.7	---	6.2	6.2
APR.-MAY	6.2	---	---	6.2	0.6	0.4	---	0.8	1.8	4/	1.8	---	4.4	4.4
MKT. YEAR	4.4	15.0	0.2	19.6	3.7	1.9	4.2	5.3	15.1	4/	15.2	---	4.4	4.4
1977/78														
JUNE-SEPT.	4.4	17.3	0.1	21.8	1.2	0.6	2.4	2.9	7.1	4/	7.1	---	14.8	14.8
OCT.-DEC.	14.8	---	---	14.8	1.0	0.5	2.2	1.8	5.5	4/	5.5	---	9.3	9.3
JAN.-MAR.	9.3	---	---	9.3	0.9	0.5	0.2	1.6	3.2	4/	3.2	---	6.1	6.1
APR.-MAY	6.1	---	4/	6.1	0.6	0.3	---	1.1	2.0	4/	2.0	---	4.1	4.1
MKT. YEAR	4.4	17.3	0.1	21.9	3.6	1.9	4.8	7.4	17.7	4/	17.7	---	4.1	4.1
1978/79 5/														
JUNE-SEPT.	4.1	26.2	0.1	30.4	1.1	0.5	2.5	2.3	6.4	4/	6.4	---	24.0	24.0
OCT.-DEC.	24.0	---	---	24.0	1.1	0.6	2.2	3.9	7.8	4/	7.8	---	16.2	16.2
JAN.-MAR.														
APR.-MAY														
MKT. YEAR														

1/ RESIDUAL; ROUGHLY APPROXIMATES TOTAL FEED USE. 2/ UNCOMMITTED, GOVERNMENT ONLY. 3/ INCLUDES TOTAL LOANS. 4/ LESS THAN 50,000 BUSHELS. 5/ PRELIMINARY. *TOTALS MAY NOT ADD DUE TO ROUNDING.

Table 15.--Rye: Flour and cash prices, 1975-78

Year	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Simple average
	MINNEAPOLIS, WHITE FLOUR (Dollars per cwt.)												
1975	6.78	7.01	8.21	8.30	8.35	7.98	7.70	7.86	7.85	8.02	8.01	8.18	7.85
1976	8.94	9.04	8.64	8.60	8.25	8.20	8.24	8.62	8.76	8.82	8.85	8.70	8.64
1977	8.14	6.99	6.52	6.96	7.65	7.92	8.34	8.54	8.80	9.10	9.29	9.52	8.15
1978	9.03	8.45	7.73	7.90	7.90	8.01	8.05						
	MINNEAPOLIS NO. 2 (Dollars per bushel)												
1975	2.49	2.58	3.04	3.03	3.01	2.86	2.73	2.82	2.81	2.89	2.88	2.96	2.84
1976	3.24	3.22	2.88	2.90	2.77	2.68	2.70	2.77	2.80	2.82	2.82	2.79	2.87
1977	2.53	1.94	1.79	2.06	2.28	2.46	2.56	2.69	2.82	2.94	3.05	3.22	2.53
1978	2.93	2.59	2.22	2.36	2.33	2.47	2.44						

Table 16.--Rye: Acreage, yield, and production, United States, annual 1969-79

Year of harvest	Acreage seeded 1/	Acreage harvested	Yield per harvested acre	Production
	1,000 acres	1,000 acres	Bushels	1,000 bushels
1969	3,959	1,291	23.4	30,204
1970	4,196	1,427	25.8	36,840
1971	4,842	1,751	28.1	49,223
1972	3,458	1,050	26.9	28,256
1973	3,380	955	25.8	24,677
1974	2,828	784	22.3	17,506
1975	2,829	729	21.9	15,958
1976	2,652	721	20.7	14,951
1977	2,652	704	24.6	17,312
1978	2,985	995	26.3	26,160
1979 2/	3,077			

1/ Seeded for all purposes in preceding fall.

2/ Preliminary.

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Weights, Measures and Conversion Factors

Bushel weights:
- Wheat & soybeans = 60 lbs.
- Corn, sorghum & rye = 56 lbs.
- Barley (grain) = 48 lbs.: malt = 34 lbs.
- Oats = 32 lbs.

Bushels to metric tons:
- Wheat & soybeans = bushels x .027216
- Barley = bushels x .021772
- Corn, sorghum, rye = bushels x .025400
- Oats = bushels x .014515

1 Metric ton equals:
- 2204.622 lbs.
- 22.046 hundredweight
- 10 quintals
- 1,000 kilograms
- 36.7437 bushels wheat or soybeans
- 39.3679 bushels corn, sorghum, or rye
- 45.9296 bushels barley
- 68.8944 bushels oats

Area:
- 1 Acre = .404694 hectares
- 1 Hectare = 2.4710 acres

Yields:
- Wheat = bushels per acre x 0.6725 = quintals per hectare
- Rye, corn = bushels per acre x 0.6277 = quintals per hectare
- Barley = bushels per acre x 0.5380 = quintals per hectare
- Oats = bushels per acre x 0.3587 = quintals per hectare